

**To:** Moran, Robin[moran.robin@epa.gov]; Charmley, William[charmley.william@epa.gov]  
**Cc:** Olechiw, Michael[olechiw.michael@epa.gov]; Lieske, Christopher[lieske.christopher@epa.gov]  
**From:** Julia Rege  
**Sent:** Thur 3/23/2017 9:06:42 PM  
**Subject:** RE: MTR Docket

Thanks. I appreciate the clarity on the two items I raised.

We don't currently have anything to submit to the docket, and will let you know if at some point we do.

Best, Julia

202.650.5559 (direct)

[jrege@globalautomakers.org](mailto:jrege@globalautomakers.org)

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**From:** Moran, Robin [mailto:moran.robin@epa.gov]  
**Sent:** Thursday, March 23, 2017 3:13 PM  
**To:** Charmley, William <charmley.william@epa.gov>; Julia Rege <JRege@globalautomakers.org>  
**Cc:** Olechiw, Michael <olechiw.michael@epa.gov>; Lieske, Christopher <lieske.christopher@epa.gov>  
**Subject:** RE: MTR Docket

Hi Julia,

As Bill said, we are exploring your questions about the docket. While right now you cannot add comments via regulations.gov, I just spoke with the docket staff, who confirmed that you can

send comments to the following email address:

[a-and-r-docket@epa.gov](mailto:a-and-r-docket@epa.gov)

Please include in the subject line the docket ID (OAR-2015-0827)

Feel free to give me a call if you have questions.

Take care,

Robin

Robin Moran

Senior Policy Advisor

U.S. EPA, Office of Transportation and Air Quality

2000 Traverwood Dr.

Ann Arbor, MI 48105

(734) 214-4781 (phone)

(734) 214-4821 (fax)

**From:** Charmley, William

**Sent:** Thursday, March 23, 2017 2:44 PM

**To:** Julia Rege <[JRege@globalautomakers.org](mailto:JRege@globalautomakers.org)>

**Cc:** Olechiw, Michael <[olechiw.michael@epa.gov](mailto:olechiw.michael@epa.gov)>; Moran, Robin <[moran.robin@epa.gov](mailto:moran.robin@epa.gov)>

**Subject:** RE: MTR Docket

Julia,

At this point we don't know the answer to your question.

I am assuming that of course at some point we will be re-opening the docket, so that the basis for Administrator Pruitt's reconsideration will all be in one place, including new information from stakeholders.

Once we know more, we will let you know.

The Alliance's letter is on the web site because the Administrator's office asked for it to be posted. We realize that we have many letters from many stakeholders on the subject of the reconsideration topic, and I don't believe there are plans to post more on the EPA web-site, but as I said, the docket is an open question that once we know the answer we will communicate to all of the stakeholders.

Thanks

Bill

Bill Charmley

Director

Assessment and Standards Division

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory

2000 Traverwood Drive

Ann Arbor, MI 48105

desk ph. 734-214-4466

cell ph. 734-545-0333

e-mail: [charmley.william@epa.gov](mailto:charmley.william@epa.gov)

**From:** Julia Rege [<mailto:JRege@globalautomakers.org>]

**Sent:** Thursday, March 23, 2017 1:12 PM

**To:** Charmley, William <[charmley.william@epa.gov](mailto:charmley.william@epa.gov)>

**Cc:** Olechiw, Michael <[olechiw.michael@epa.gov](mailto:olechiw.michael@epa.gov)>

**Subject:** MTR Docket

Bill,

I was wondering if you knew if the midterm review docket was going to be reopened for comments.

I also noticed that EPA's miterm review webpage was updated. It now includes the Alliance's letter to Administrator Pruitt but that Global Automakers' was not added. (Neither letter appears

to have been added to the docket.) Do you know if this was an oversight? Should you want to link to our letter similarly to the Alliance's, here is the public link to our letter:  
<https://www.globalautomakers.org/media/letter/global-automakers-requests-that-epa-reconsider-its-final-determination-concerning-my2022>.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

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Washington, DC 20001

202.650.5559 (direct)

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GlobalAutomakers 



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**To:** Charmley, William[charmley.william@epa.gov]  
**From:** Julia Rege  
**Sent:** Fri 3/17/2017 1:14:02 PM  
**Subject:** RE: Global Automakers Letter to Governor Brown

Sorry we didn't connect yesterday. I'm around all day if you have time to chat.

Best, Julia

202.650.5559 (direct)

202.436.2266 (mobile)

[jrege@globalautomakers.org](mailto:jrege@globalautomakers.org)

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**From:** Charmley, William [mailto:charmley.william@epa.gov]  
**Sent:** Thursday, March 16, 2017 5:55 PM  
**To:** Julia Rege <JRege@globalautomakers.org>  
**Subject:** Re: Global Automakers Letter to Governor Brown

Julia

If you have 5 or 10 minutes, can you give me a call on this?

I'm on my cell 734-545-0333

Thanks

Bill

Sent from my iPhone

On Mar 16, 2017, at 5:45 PM, Julia Rege <[JRege@globalautomakers.org](mailto:JRege@globalautomakers.org)> wrote:

Chris and Bill,

Global Automakers is delivering a letter to Governor Brown today in response to his tweet/letter re: GHG standards to John Bozzella yesterday. This letter is in the process of being delivered and is being provided to you in advance as a courtesy.

I also wanted to let you know, if you weren't already informed, that tomorrow the Alliance and Global Automakers will be running an ad in the WSJ thanking the President for reopening up the midterm review process on GHG.

Please let me know if you have any questions.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

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202.650.5559 (direct)

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<image001.png>

<image003.jpg> <image005.jpg>

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<Global Automakers Letter to Governor Brown.pdf>

**To:** Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]  
**From:** Julia Rege  
**Sent:** Thur 3/16/2017 9:45:01 PM  
**Subject:** Global Automakers Letter to Governor Brown  
[Global Automakers Letter to Governor Brown.pdf](#)

Chris and Bill,

Global Automakers is delivering a letter to Governor Brown today in response to his tweet/letter re: GHG standards to John Bozzella yesterday. This letter is in the process of being delivered and is being provided to you in advance as a courtesy.

I also wanted to let you know, if you weren't already informed, that tomorrow the Alliance and Global Automakers will be running an ad in the WSJ thanking the President for reopening up the midterm review process on GHG.

Please let me know if you have any questions.

Best, Julia

Julia Rege

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March 16, 2017

Governor Edmund G. Brown, Jr.  
c/o State Capitol, Suite 1173  
Sacramento, CA 95814

Dear Governor Brown:

I have seen your March 15, 2017 letter to me regarding motor vehicle regulations, which was disseminated through Twitter.

Your tweet, and your letter, contain some false assertions—assertions which, unfortunately, are overly dramatic and distract us from the real issues at hand.

Global Automakers has taken no “action to weaken” the greenhouse gas emission (GHG) standards, as you claim incorrectly. All we asked for—and all that we received —was a return to the Midterm Evaluation process agreed to by all parties (including the State of California) in 2012. The Midterm Evaluation was designed to examine up-to-date information on all relevant factors—such as market conditions, consumer preferences, technological advances, and changes in assumptions and predictions—in order to ensure that the standards achieve meaningful reductions in motor vehicle GHG emissions, while also providing customers with affordable vehicles that meet their needs.

Global Automakers and our member companies signed up for the One National Program in large part because it included a data-driven and transparent Midterm Evaluation coordinated among California, the U.S. Environmental Protection Agency (EPA), and the National Highway Traffic Safety Administration (NHTSA). EPA lost sight of the importance of a coordinated approach when it needlessly rushed through a Final Determination on the GHG emission standards over a year ahead of schedule, contravening its previous commitments, and without coordination with NHTSA. The Trump Administration’s action is in line with the request Global Automakers put before EPA: a return to a coordinated Midterm Evaluation that does not lock in a predetermined outcome and goes where the facts lead it.

Global Automakers and our member companies have not wavered in our support for improving motor vehicle fuel economy and reducing GHG emissions through a strong and harmonized federal program. Our member companies have invested, and continue to invest, billions in advanced technologies to achieve public policy goals. Global Automakers looks forward to restarting the discussion to align these critically important goals with the realities of the marketplace and continuing our work with California and the federal agencies as we advance our shared environmental goals.

I welcome the opportunity to discuss these matters further with you.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bozzella".

John Bozzella  
President & CEO

**To:** Charmley, William[charmley.william@epa.gov]  
**Cc:** Olechiw, Michael[olechiw.michael@epa.gov]  
**From:** Chris Nevers  
**Sent:** Wed 2/22/2017 1:35:26 PM  
**Subject:** Alliance Letter to Administrator Pruitt  
[Letter to EPA Admin Pruitt Feb 21 2016 Signed.pdf](#)

Good Morning Bill,

I realize you are out of the office, so I left a voicemail and copied Mike Olechiw on this email.

You have probably already seen the letter sent from the Alliance to Administrator Pruitt. If you haven't read it yet, the letter basically reiterates Industry's request that the Final Determination be withdrawn and the EPA resume the Midterm Evaluation process with NHTSA.

I am available for any questions or if you would just like to talk.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

**To:** Pruitt, Scott[Pruitt.Scott@epa.gov]; pruit.gscott@epa.gov[pruit.gscott@epa.gov]  
**Cc:** John Bozzella[jbozzella@globalautomakers.org];  
secretaryscheduler@dot.gov[secretaryscheduler@dot.gov]; Grundler,  
Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]; Olechiw,  
Michael[olechiw.michael@epa.gov]; Rebecca S. Yoon[rebecca.yoon@dot.gov]; James  
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Alberto.Ayala@arb.ca.gov[Alberto.Ayala@arb.ca.gov]; Ellen  
Gleberman[egleberman@globalautomakers.org]; Charles Haake[chaake@globalautomakers.org];  
Annemarie Pender[apender@globalautomakers.org]  
**From:** Julia Rege  
**Sent:** Tue 2/21/2017 8:18:34 PM  
**Subject:** Request to Withdraw Final Determination Re. MY 2022-2025 GHG Standards  
[Request to Withdraw Final Determination.pdf](#)

Dear Administrator Pruitt:

On behalf of John Bozzella, President and CEO of Global Automakers, I am sending you the attached correspondence related to the EPA's Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation, which was announced by the Agency on January 13, 2017. A hard copy of this letter has been sent to your office via FedEx as well.

We welcome the opportunity to further discuss this matter with you at your earliest convenience.

Sincerely, Julia

Julia M. Rege

Director, Environment & Energy

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GlobalAutomakers   

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**To:** Pruitt, Scott[Pruitt.Scott@epa.gov]; pruit.gscott@epa.gov[pruit.gscott@epa.gov]  
**Cc:** marianne.mcinerney@dot.gov[marianne.mcinerney@dot.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]; Olechiw, Michael[olechiw.michael@epa.gov]; Kevin.Green@dot.gov[Kevin.Green@dot.gov]; james.tamm@dot.gov[james.tamm@dot.gov]; rebecca.yoon@dot.gov[rebecca.yoon@dot.gov]; annette.hebert@arb.ca.gov[annette.hebert@arb.ca.gov]; michael.mccarthy@arb.ca.gov[michael.mccarthy@arb.ca.gov]; Chris Nevers[CNevers@autoalliance.org]; David Schwieter[DSchwieter@autoalliance.org]; Gloria Bergquist[GBERGQUIST@autoalliance.org]; John Whatley[JWhatley@autoalliance.org]  
**From:** Susan Conti  
**Sent:** Tue 2/21/2017 6:02:29 PM  
**Subject:** URGENT Letter from Alliance of Automobile Manufacturers to EPA Administrator G. Scott Pruitt  
[Letter to EPA Admin. Pruitt Feb. 21, 2016 Signed.pdf](#)

Dear Administrator Pruitt:

The attached letter, on behalf of the Alliance of Automobile Manufacturers, requests that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue. Please contact me at your earliest convenience to discuss this matter further. Thank you.

Mitch Bainwol

President and CEO



**AUTO ALLIANCE**  
DRIVING INNOVATION®

803 7th Street N.W., Suite 300 | Washington, DC 20001

202.326.5500 | [www.autoalliance.org](http://www.autoalliance.org)

February 21, 2017

G. Scott Pruitt  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Mail Code 1101A  
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025  
Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm  
Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks,<sup>1</sup> to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

#### 1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.<sup>2</sup> The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

<sup>1</sup> Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

<sup>2</sup> See Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, <https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies>.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.<sup>3</sup> Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an “agency statement of general applicability and future effect ‘that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue.’” The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. See 5 U.S.C. § 553(d); *Kennecott Utah Copper Corp. v. U.S. Dep’t of Interior*, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. *Kennecott*, 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision “within the period available for taking an appeal.” *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from “serious procedural and substantive deficiencies.” *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

## 2. EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation

As the Supreme Court has recognized, EPA’s regulatory efforts to address greenhouse gases have already produced “the single largest expansion in the scope of the [Clean Air Act] in its history.”<sup>4</sup> In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

<sup>3</sup> See Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

<sup>4</sup> *Utility Air Regulatory Group v. EPA*, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.<sup>5</sup> Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering \$200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.<sup>6</sup>

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem.<sup>7</sup> And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest.<sup>8</sup> The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

<sup>5</sup> “Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016,” at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

<sup>6</sup> See EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at <https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle>; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at <https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle>.

<sup>7</sup> See 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1)-(2); 81 Fed. Reg. 49,219 (July 27, 2016).

<sup>8</sup> See Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the *Federal Register* until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs.<sup>9</sup> After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages.<sup>10</sup> Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

### 3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.<sup>11</sup> In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.<sup>12</sup> These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

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<sup>9</sup> U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

<sup>10</sup> Final Determination, Response to Comments at 1-3.

<sup>11</sup> See Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

<sup>12</sup> See Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.<sup>13</sup>

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least \$200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.
- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.
- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.
- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant<sup>14</sup>, asserted the Alliance provided insufficient data, and then refused further meetings for clarification.

4. Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

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<sup>13</sup> See Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

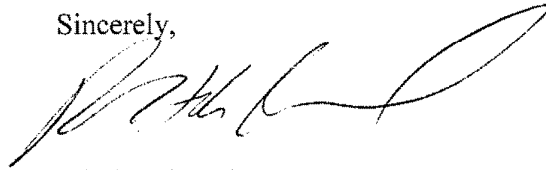
<sup>14</sup> See Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to *1.1 million* Americans to lose jobs due to lost vehicle sales.<sup>15</sup> And low-income households would be hit the hardest.<sup>16</sup>

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely,



Mitch Bainwol  
President and CEO

Cc: Secretary Elaine Chao, DOT  
Kevin Green, DOT  
Bill Charmley, EPA  
Chris Grundler, EPA  
Michael Olechiw EPA  
Rebecca Yoon, NIITSA  
James Tamm, NHTSA  
Mike McCarthy, CARB  
Annette Hebert, CARB

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<sup>15</sup> McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the \$3.00 per gallon gasoline price \$6,000 technology cost scenario.

<sup>16</sup> Walton, Tom, et al., *The Impact of Future Fuel Economy Standards on Low Income Households*, Defour Group LLC (Sep. 2016); Walton, Tom, et al., *Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards*, (Dec. 2016).



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February 21, 2017

Scott Pruitt  
Administrator  
Environmental Protection Agency  
Office of the Administrator 1101A  
1200 Pennsylvania Avenue, N.W.  
Washington DC 20460

Attention: Docket ID No. EPA-HQ-OAR-2015-0827

RE: Petition for Reconsideration and Request to Withdraw Final Determination on the  
Appropriateness of the Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions  
Standards under the Midterm Evaluation (January 12, 2017)

Dear Administrator Pruitt:

The Association of Global Automakers, Inc. (Global Automakers)<sup>1</sup> respectfully petitions the United States Environmental Protection Agency (EPA) to reconsider its final Determination on the Appropriateness of the Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (the “Determination”), and requests that the Determination be withdrawn. As explained below, EPA’s premature Determination suffers from a multitude of procedural and substantive flaws. Most importantly, it is inconsistent with the coordinated process to which EPA committed in 2012 to ensure the development of “One National Program” to regulate fuel economy and greenhouse gas (GHG) emissions in coordination with the National Highway Traffic Safety Administration (NHTSA). Consequently, we are requesting that EPA withdraw the Determination and reopen the record so that EPA’s rulemaking concerning GHG emission standards for model years (MY) 2022-2025 can be aligned with fuel economy rulemaking currently underway at NHTSA for those years.

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<sup>1</sup> The Association of Global Automakers represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our member companies have invested \$56 billion in U.S.-based facilities, directly employ nearly 100,000 Americans, and sell 47 percent of all new vehicles purchased annually in the country. Combined, our members operate more than 300 production, design, R&D, sales, finance and other facilities across the United States. Working with industry leaders, legislators, and regulators in the United States, Global Automakers aims to create public policies that improve motor vehicle safety, encourage technological innovation, and protect our planet. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans’ quality of life. For more information, please visit [www.globalautomakers.org](http://www.globalautomakers.org).



## A. Background

On January 12, 2017—just one week before the end of the previous administration—EPA published its final Determination concerning whether the GHG emissions standards currently on the books for MY 2022-2025 remain appropriate. This Determination was part of a “Midterm Evaluation” of those standards, a key protective mechanism that was included, at the insistence of the auto industry as a condition of its support of these regulations, in the 2012 joint EPA and NHTSA rule setting fuel economy and GHG emission standards covering MY 2017 through 2025.<sup>2</sup> Given that NHTSA is statutorily prevented from promulgating fuel economy standards governing more than a five-year period, and that the EPA standards were being set more than ten years into the future, having an objective and data-driven Midterm Evaluation is necessary to ensure that the future standards are feasible, cost-effective, and achieve the goals of the two relevant statutes under the One National Program.

Throughout the process of the Midterm Evaluation, both EPA and NHTSA made several commitments to the stakeholders. First, the agencies promised to remain aligned from both a procedural and substantive standpoint.<sup>3</sup> As was the case with the 2012 rulemaking, during the Midterm Evaluation the agencies were to jointly issue a proposed rulemaking/determination and a final rulemaking/determination. This was necessary to ensure that One National Program is maintained and to protect manufacturers from having to comply with multiple inconsistent standards.

Second, EPA and NHTSA consistently stated that the final NHTSA rule and EPA determination were expected by April 1, 2018,<sup>4</sup> with a proposed rule and a proposed determination expected in the summer of 2017.<sup>5</sup> This timeline would allow the agencies to account for the most up-to-date and robust information concerning the light-duty fleet and the costs and effectiveness of the technologies needed to meet the standards. In developing information for the record, in allocating scarce automotive engineering

<sup>2</sup> See 2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards, 77 Fed. Reg. 62,624 (Oct. 15, 2012). The State of California has its own GHG emission standards for light duty vehicles, but has amended its regulations to include a “deemed-to-comply” provision whereby automakers could show compliance with its state GHG emission standards by complying with EPA GHG regulations. Together, the California regulations and the EPA/NHTSA standards are referred to as the “One National Program.”

<sup>3</sup> See 77 Fed. Reg. at 62,633 (stating that EPA and NHTSA will act jointly in their proposed and final rulemaking in the Midterm Evaluation “[i]n order to align the agencies’ proceedings for MYs 2022–2025 and to maintain a joint national program.”)

<sup>4</sup> *Id.*

<sup>5</sup> See <https://www.epa.gov/sites/production/files/2016-10/documents/grundler-sae-naipc-2015-09-17-presentation.pdf> at 24 (indicating that the EPA Proposed Determination and NHTSA notice of proposed rulemaking would be released mid-2017 and the final determination made in April 2018).



resources, and in the expenditure of considerable sums, the industry relied upon this schedule and these repeated representations.

Finally, both EPA and NHTSA committed to a collaborative process that would fully account for the input of all stakeholders. To achieve this, the agencies stated that they would provide periods of public comment on the draft Technical Assessment Report (TAR) that EPA and NHTSA compiled in collaboration with the California Air Resources Board (CARB), and a separate period of comment with respect to EPA's and NHTSA's proposals concerning the MY 2022-2025 standards.<sup>6</sup> Given that the agencies' actions on this matter would affect billions of dollars of investments on the part of automakers as well as the types of vehicles that would be made available to customers for years (if not decades) to come, it is critically important that the agencies get it right.

Despite this carefully constructed (and fully promised) process, EPA unilaterally reversed course 22 days after the Presidential Election. On November 30, 2016, EPA abruptly announced that it was abandoning its previously committed-to plan on the Midterm Evaluation and published a lengthy "Proposed Determination" concerning the appropriateness of the MY 2022-2025 GHG standards. Signaling its new intent to rush through a final Determination before the end of the Obama Administration, EPA provided stakeholders with just 30 days from the release of the Proposed Determination on EPA's website to provide comments (which was only 24 days from the date the Proposed Determination was published in the Federal Register<sup>7</sup>). EPA was informed by many stakeholders that this comment period was far too short for an action of this magnitude and included a holiday period when many automakers are closed. Nevertheless, EPA's Final Determination was released on January 12, 2017.

When EPA announced the Proposed Determination, it styled its action as a "proposed adjudicatory determination."<sup>8</sup> EPA therefore took the position that its Determination could escape both the procedural requirements of Section 307 of the Clean Air Act<sup>9</sup> and the rulemaking provisions of the Administrative Procedures Act (APA).<sup>10</sup> In the Final Determination and Response to Comment, EPA rejected the argument made by Global Automakers and many other stakeholders that the Determination amounted to a rulemaking because it is a prospective action setting agency policy.<sup>11</sup> Consistent with its position that the Determination is not a rulemaking, EPA has not published the Determination in the Federal Register.

<sup>6</sup> 77 Fed. Reg. at 62,784.

<sup>7</sup> 81 Fed. Reg. 87,927 (Dec. 6, 2016).

<sup>8</sup> See Proposed Determination at ES-2 and 2 n.2.

<sup>9</sup> 42 U.S.C. § 7607(d)

<sup>10</sup> 5 U.S.C. § 553

<sup>11</sup> See EPA Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11, n.20.



## B. EPA Has Ample Authority to Reconsider the Determination

Regardless of whether the Final Determination is considered a rule or an adjudication, this EPA has the authority to withdraw and reconsider it. In the event that the Determination is an adjudication (as the prior EPA claimed), then the agency has inherent authority to reconsider that decision. “It is widely accepted that an agency may, on its own initiative, reconsider its interim or even its final decisions, regardless of whether the applicable statute and agency regulation expressly provide for such review.”<sup>12</sup> This is especially true where the underlying determination has “serious procedural and substantive deficiencies.”<sup>13</sup> Unless a statute expressly limits an agency’s authority to reconsider its decisions—which is not the case here—then the agency may freely do so as long as reconsideration occurs within a reasonable time after the first decision and notice of the agency’s intent to reconsider is given to the parties.<sup>14</sup>

In the event that the Determination did amount to a rulemaking, then it is subject to withdrawal and reconsideration for two separate and independent reasons. First, the Federal Register Act requires that all documents of “general applicability and legal effect” be published in the Federal Register.<sup>15</sup> The EPA Final Determination has not been published in the Federal Register in contravention of this clear requirement. Thus, under President Trump’s Memorandum for the Heads of Executive Departments and Agencies; Regulatory Freeze Pending Review,<sup>16</sup> if viewed as a rule the Final Determination can and should be withdrawn by the new Administration.

Second, an agency has inherent power to withdraw and reconsider a rule that suffers from fatal legal and procedural flaws.<sup>17</sup> Adhering to the proper procedure is a fundamental prerequisite for valid rulemaking.<sup>18</sup> Here, the Determination is invalid as a rule because EPA did not follow any of the procedural requirements set forth in Section 307(d) of the Clean Air Act. EPA did not convene a hearing to allow interested persons to comment on the Proposed Determination, and did keep the record of the proceedings open for 30 days to provide an opportunity for interested persons to submit rebuttal and supplementary information to the

<sup>12</sup> *Dun & Bradstreet Corp. Found. v. United States Postal Serv.*, 946 F.2d 189, 193 (2d Cir. 1991). See also *ConocoPhillips Co. v. United States EPA*, 612 F.3d 822, 832 (5th Cir. 2010) (“Embedded in an agency’s power to make a decision is its power to reconsider that decision.”); *Gun South, Inc. v. Brady*, 877 F.2d 858 (11th Cir. 1989) (holding that Bureau of Alcohol, Tobacco, and Firearms had the implied authority to correct the erroneous approval of firearms import application).

<sup>13</sup> *Belville Mining Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993).

<sup>14</sup> *Dun & Bradstreet*, 946 F.2d at 193.

<sup>15</sup> 44 USC 1505(a)(2).

<sup>16</sup> 82 Fed. Reg. 8346 (Jan. 24, 2017).

<sup>17</sup> *Citizens Against the Pellissippi Parkway v. Mineta*, 375 F.3d 412, 416 (6th Cir. 2004).

<sup>18</sup> *United States v. Utesch*, 596 F.3d 302, 312 (6th Cir. 2010) (stating that a “reviewing court must focus not merely on the ultimate rule but on the process of an administrative rulemaking; otherwise, an agency could always violate the APA’s procedural requirements based on the representation that it would have adopted the same rule had the proper process been followed.”)



record.<sup>19</sup> Presumably, the prior EPA ignored these requirements because to follow them would have prevented the agency from finalizing the Determination before the end of the Obama Administration. But politics is not a reason for running roughshod over important procedural protections found in the Clean Air Act.

### **C. EPA Should Withdraw the Determination and Reopen the Rulemaking Record to Maintain the One National Program EPA Promised**

EPA's Determination is a significant action by the agency that will have far-reaching ramifications for the industry and the automobile driving public. EPA readily concedes that the MY 2022-2025 standards will increase the prices of new motor vehicles by a substantial amount (according to EPA's own estimates), and will impact the types of vehicles sold in the U.S. An action of this magnitude requires a thoughtful and collaborative decision-making process. Here, however, EPA opted for political expediency instead, and jammed through a Final Determination in the waning days of the lame-duck Administration.

The EPA Determination suffers from many procedural and substantive flaws, any one of which would justify withdrawing the rule and reopening the rulemaking record. Among them are:

∂ Failure to follow EPA regulations requiring coordination with NHTSA. The Midterm Evaluation was designed so that the actions of EPA and NHTSA would be carefully coordinated every step of the way. As explained in the preamble to the 2012 rulemaking, "[i]n order to align the agencies' proceedings for MYs 2022–2025 and to maintain a joint national program, if the EPA determination is that its standards will not change, NHTSA will issue its final rule concurrently with the EPA determination."<sup>20</sup> This requirement is codified at 40 C.F.R. § 86.1818-12(h)(1)(vii), which requires EPA's Midterm Evaluation to account for "[t]he impact of the greenhouse gas emission standards on the Corporate Average Fuel Economy standards and a national harmonized program." Without providing any justification for its doing so, EPA violated this central tenet of the Midterm Evaluation by finalizing its Determination more than a year before NHTSA's rulemaking is expected to be completed and acted contrary to its own regulations. NHTSA is currently in the middle of its rulemaking process for MY 2022-2025 fuel economy standards, and its decision will be based on more up-to-date information than EPA's. Consequently, there is a risk that NHTSA will reach a different conclusion from EPA concerning appropriate standards for MY 2022-2025. This is the antithesis of the One National Program that EPA agreed to.

∂ Needlessly accelerating the timeline for the GHG Midterm Evaluation. Prior to November 2016, EPA had repeatedly represented that it would propose its determination/rulemaking in the summer of 2017 and finalize its actions by April 2018. Based on these representations, Global Automakers and other

<sup>19</sup> 42 U.S.C. § 307(d)(5).

<sup>20</sup> 77 Fed. Reg. at 62,633.



members of the auto industry commissioned several studies concerning the baseline light duty fleets and the technologies necessary to meet the current MY 2022-2025 standards. EPA was informed that these studies will be important for its determination but would not be complete until the promised mid-2017 timeframe. Additionally, EPA was urged to delay its actions so that it could account for the most up-to-date information concerning the technologies needed to meet the standards, their costs, and their impacts on consumers—as NHTSA is doing with its rulemaking. EPA ignored these calls and finalized its determination based on a record that was far from complete solely to rob the incoming Administration of an opportunity to have input on this important matter.

∂ Failure to provide an adequate period for public comment. The Proposed Determination and the accompanying Technical Support Document consisted of almost 1,000 pages, and cited almost 1,100 references, many of which are new or significantly revised since the earlier Draft TAR. Additionally, EPA conducted 102 new runs of the computer models it uses to assess the effectiveness of fuel saving technologies. Thirty days is an insufficient time period for stakeholders to fully review, analyze, and prepare detailed comments on an action as significant and complex as EPA's Determination—especially in light of the intervening national holidays. EPA offered no reasoned explanation as to why it was short-circuiting the comment period on such an important agency action.

∂ Failure to address the GHG emission program as a whole. In its rush to finalize its Determination, EPA answered only half the question, *i.e.*, whether the numeric standards expressed in the footprint-based curves remain appropriate. However, the GHG regulations also include program flexibilities that automakers rely on to meet the standards. These flexibilities provide incentives for the early adoption of advanced fuel-saving technologies and help manufacturers smooth out annual variability in compliance over several model years. They are an important aspect of the One National Program, and they provide real and lasting environmental benefits. EPA's failure to look at the entire program as a whole was inconsistent with the very purpose of the Midterm Evaluation.

∂ Failure to respond adequately to comments concerning consumer acceptance, cost and technology effectiveness. EPA received more than 100,000 public comments on the Proposed Determination.<sup>21</sup> Many of the comments from industry focused on the extent to which lack of consumer acceptance may impact the ability to achieve the standards, as well as the costs and effectiveness of the necessary technologies. The fact that EPA finalized its Determination a mere **13 days** after the close of the comment period demonstrates that the agency could not have adequately responded to all of these comments. Indeed, a review of the final Determination and the Response to Comments reveals that EPA did not provide adequate responses to the many comments given.

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<sup>21</sup> See Determination at 1.



EPA's determination as to the appropriateness of the GHG emission standards for MY 2022 through 2025 was a significant action that will have wide-ranging implications for the automobile industry and the car-buying public. It was therefore important that EPA reach its decision based on an open and collaborative process, and only after fully considering all of the most up-to-date information concerning the costs and feasibility of the technologies necessary to meet the standards. Rather than adhering to such a process that it had agreed to and promised in 2012, EPA rushed through a Final Determination at the very end of the previous Administration. Therefore, we respectfully request that EPA: (a) withdraw the Determination, (b) reopen the record on the Midterm Evaluation, and (c) reset the timetable for EPA's actions so that they align with NHTSA's rulemaking.

Thank you for your prompt consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bozzella".

John Bozzella  
President and CEO  
Association of Global Automakers

cc: Secretary Elaine Chao, DOT  
Kevin Green, DOT  
Bill Charmley, EPA  
Chris Grundler, EPA  
Michael Olechiw, EPA  
Rebecca Yoon, NHTSA  
James Tamm, NHTSA  
Alberto Ayala, CARB



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February 21, 2017

G. Scott Pruitt  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Mail Code 1101A  
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025  
Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm  
Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks,<sup>1</sup> to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.<sup>2</sup> The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

<sup>1</sup> Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

<sup>2</sup> See Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, <https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies>.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.<sup>3</sup> Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an “agency statement of general applicability and future effect ‘that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue.’” The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. See 5 U.S.C. § 553(d); *Kennecott Utah Copper Corp. v. U.S. Dep’t of Interior*, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. *Kennecott*, 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision “within the period available for taking an appeal.” *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from “serious procedural and substantive deficiencies.” *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

## 2. EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation

As the Supreme Court has recognized, EPA’s regulatory efforts to address greenhouse gases have already produced “the single largest expansion in the scope of the [Clean Air Act] in its history.”<sup>4</sup> In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

<sup>3</sup> See Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

<sup>4</sup> *Utility Air Regulatory Group v. EPA*, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.<sup>5</sup> Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering \$200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.<sup>6</sup>

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem.<sup>7</sup> And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest.<sup>8</sup> The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

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<sup>5</sup> “Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016,” at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

<sup>6</sup> See EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at <https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle>; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at <https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle>.

<sup>7</sup> See 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1)-(2); 81 Fed. Reg. 49,219 (July 27, 2016).

<sup>8</sup> See Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the *Federal Register* until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs.<sup>9</sup> After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages.<sup>10</sup> Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

### 3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.<sup>11</sup> In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.<sup>12</sup> These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

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<sup>9</sup> U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

<sup>10</sup> Final Determination, Response to Comments at 1-3.

<sup>11</sup> See Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

<sup>12</sup> See Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.<sup>13</sup>

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least \$200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.
- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.
- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.
- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant<sup>14</sup>, asserted the Alliance provided insufficient data, and then refused further meetings for clarification.

4. Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

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<sup>13</sup> See Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

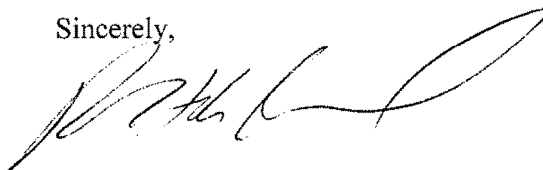
<sup>14</sup> See Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to *1.1 million* Americans to lose jobs due to lost vehicle sales.<sup>15</sup> And low-income households would be hit the hardest.<sup>16</sup>

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely,



Mitch Bainwol  
President and CEO

Cc: Secretary Elaine Chao, DOT  
Kevin Green, DOT  
Bill Charmley, EPA  
Chris Grundler, EPA  
Michael Olechiw EPA  
Rebecca Yoon, NIITSA  
James Tamm, NHTSA  
Mike McCarthy, CARB  
Annette Hebert, CARB

---

<sup>15</sup> McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the \$3.00 per gallon gasoline price \$6,000 technology cost scenario.

<sup>16</sup> Walton, Tom, et al., *The Impact of Future Fuel Economy Standards on Low Income Households*, Defour Group LLC (Sep. 2016); Walton, Tom, et al., *Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards*, (Dec. 2016).







**To:** Charmley, William[charmley.william@epa.gov]  
**From:** ccyrrill@nada.org  
**Sent:** Wed 3/15/2017 4:23:31 PM  
**Subject:** Trump Will Offer Boost for Carmakers Today

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March 15, 2017

#### Inside this issue

-  [Trump Will Offer Boost for Carmakers Today](#)
-  [Trump Won't Seek to Roll Back California Vehicle Authority](#)
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-  [Auto Group Will Pay \\$3.6 Million to Settle FTC Charges](#)
-  [2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11](#)

#### Top Stories

##### [Trump Will Offer Boost for Carmakers Today](#)

 President Donald J. Trump will tell autoworkers and car executives in a Wednesday speech outside Detroit that his administration is reopening an automaker-requested review of a strict fuel economy mandate, a senior White House official said. The Trump official said the administration plans to spend the next year reviewing data and will set gas mileage standards in 2018 that are technically and

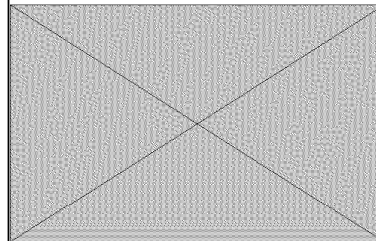
#### Quotable

**"The last thing you want to do is to adjust your price. You're going to absorb the cost the best way you can."**

-- Carlos Ghosn, head of the Renault SA/Nissan Motor Co. alliance, has encouraged the Trump administration to move fast on NAFTA changes, *The Wall Street Journal*, March 15

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#### Automotive Forum -- April



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economically realistic and would allow automakers to continue growing and adding jobs.

Source: *The Detroit News*

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### **Trump Won't Seek to Roll Back California Vehicle Authority**

President Donald Trump will announce the U.S. Environmental Protection Agency will revive a review of the feasibility of strict fuel efficiency standards through 2025, but will not seek to withdraw California's authority to set its own vehicle rules, a White House official said late on Tuesday.

Source: *Reuters*

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### **As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes**

***If proposed taxes prompt auto makers to move more work back to the U.S., many parts suppliers plan to follow***

Auto executives say they can adapt to taxes or other curbs on imports, even as industry advocates insist such moves will dent sales and eat into profit. President Donald Trump, traveling to Detroit Wednesday to say his administration will reopen a review of fuel-economy targets, has threatened to upend the North American Free Trade Agreement. The 23-year-old pact led to tens of billions of dollars in new Mexico investments by car companies and their suppliers.

Source: *The Wall Street Journal* (Subscription required)

[\[back to top\]](#)

### **Audi Searched by German Police in Dieselgate Swoop**

German prosecutors searched Audi's two biggest plants and other sites on Wednesday in connection with the emissions scandal still rocking parent Volkswagen, adding to pressure on the luxury division and its Chief Executive Rupert Stadler. Volkswagen admitted in September 2015 that up to 11 million of its vehicles worldwide had software installed that cheats emissions tests, unleashing its biggest ever crisis.

Source: *Reuters*

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### **Auto Group Will Pay \$3.6 Million to Settle FTC Charges**

A Los Angeles-based auto group with nine dealerships has agreed to pay more than \$3.6 million for return to consumers in order to settle Federal Trade Commission charges that it used deceptive and unfair sales and financing practices, deceptive advertising, and deceptive online reviews. The proposed settlement order, which will be filed in the U.S. District Court for the Central District of California for approval, will prohibit the defendants from making misrepresentations

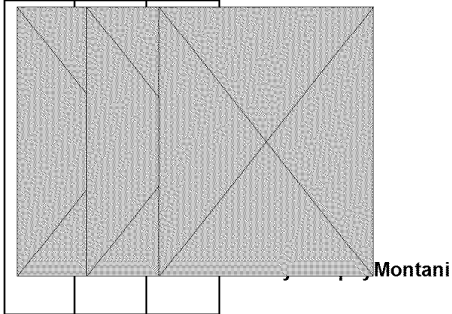
relating to their advertising, add-on products, financing, and endorsements or testimonials.

Source: FTC

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### **2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11**

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Stephen Girskey, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girskey served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit [www.autoforumny.com](http://www.autoforumny.com). Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12.

Source: NADA

#### **Related article:**

- [NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' \(NADA Headlines\)](#)

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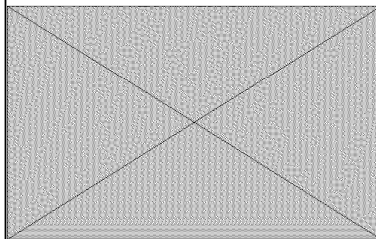
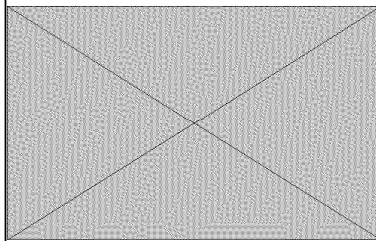
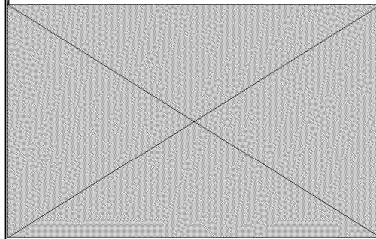
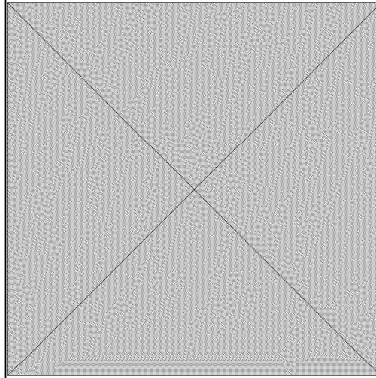
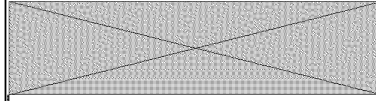
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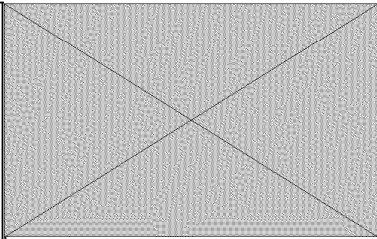
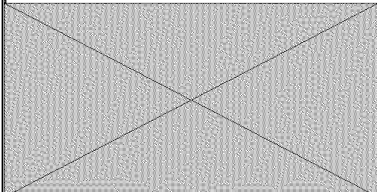
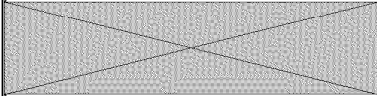
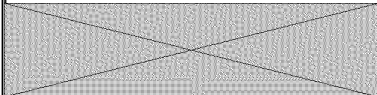
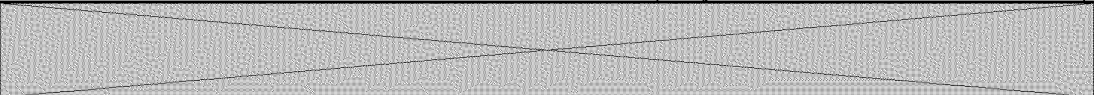
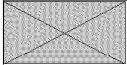
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- March 13 - [Trump Expected to Announce Vehicle Emissions Rules Review](#)
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**To:** Julia Rege[JRege@globalautomakers.org]  
**Cc:** Olechiw, Michael[olechiw.michael@epa.gov]; Moran, Robin[moran.robin@epa.gov]  
**From:** Charmley, William  
**Sent:** Thur 3/23/2017 6:44:20 PM  
**Subject:** RE: MTR Docket

Julia,

At this point we don't know the answer to your question.

I am assuming that of course at some point we will be re-opening the docket, so that the basis for Administrator Pruitt's reconsideration will all be in one place, including new information from stakeholders.

Once we know more, we will let you know.

The Alliance's letter is on the web site because the Administrator's office asked for it to be posted. We realize that we have many letters from many stakeholders on the subject of the reconsideration topic, and I don't believe there are plans to post more on the EPA web-site, but as I said, the docket is an open question that once we know the answer we will communicate to all of the stakeholders.

Thanks

Bill

Bill Charmley

Director

Assessment and Standards Division

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory

2000 Traverwood Drive

Ann Arbor, MI 48105

desk ph. 734-214-4466

cell ph. 734-545-0333

e-mail: charmley.william@epa.gov

**From:** Julia Rege [mailto:JRege@globalautomakers.org]

**Sent:** Thursday, March 23, 2017 1:12 PM

**To:** Charmley, William <charmley.william@epa.gov>

**Cc:** Olechiw, Michael <olechiw.michael@epa.gov>

**Subject:** MTR Docket

Bill,

I was wondering if you knew if the midterm review docket was going to be reopened for comments.

I also noticed that EPA's miterm review webpage was updated. It now includes the Alliance's letter to Administrator Pruitt but that Global Automakers' was not added. (Neither letter appears to have been added to the docket.) Do you know if this was an oversight? Should you want to link to our letter similarly to the Alliance's, here is the public link to our letter:

<https://www.globalautomakers.org/media/letter/global-automakers-requests-that-epa-reconsider-its-final-determination-concerning-my2022>.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

[jrege@globalautomakers.org](mailto:jrege@globalautomakers.org)

GlobalAutomakers 



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**To:** Julia Rege[JRege@globalautomakers.org]  
**From:** Charmley, William  
**Sent:** Thur 3/16/2017 9:54:37 PM  
**Subject:** Re: Global Automakers Letter to Governor Brown

Julia

If you have 5 or 10 minutes, can you give me a call on this?

I'm on my cell 734-545-0333

Thanks  
Bill

Sent from my iPhone

On Mar 16, 2017, at 5:45 PM, Julia Rege <[JRege@globalautomakers.org](mailto:JRege@globalautomakers.org)> wrote:

Chris and Bill,

Global Automakers is delivering a letter to Governor Brown today in response to his tweet/letter re: GHG standards to John Bozzella yesterday. This letter is in the process of being delivered and is being provided to you in advance as a courtesy.

I also wanted to let you know, if you weren't already informed, that tomorrow the Alliance and Global Automakers will be running an ad in the WSJ thanking the President for reopening up the midterm review process on GHG.

Please let me know if you have any questions.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

[jrege@globalautomakers.org](mailto:jrege@globalautomakers.org)

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<Global Automakers Letter to Governor Brown.pdf>

**To:** Chris Nevers[CNevers@autoalliance.org]  
**From:** Charmley, William  
**Sent:** Mon 2/27/2017 7:53:55 PM  
**Subject:** RE: Alliance Letter to Administrator Pruitt

Chris,

Thanks for sending this to Mike and I and for the voice-mail.

**Ex. 6 - Personal Privacy**

**Ex. 6 - Personal Privacy**

I'm back at work today and all week. I will read through the letter from Mitch to Administrator Pruitt and if I have any questions I will let you know.

Thanks

Bill

**From:** Chris Nevers [mailto:CNevers@autoalliance.org]  
**Sent:** Wednesday, February 22, 2017 8:35 AM  
**To:** Charmley, William <charmley.william@epa.gov>  
**Cc:** Olechiw, Michael <olechiw.michael@epa.gov>  
**Subject:** Alliance Letter to Administrator Pruitt

Good Morning Bill,

I realize you are out of the office, so I left a voicemail and copied Mike Olechiw on this email.

You have probably already seen the letter sent from the Alliance to Administrator Pruitt. If you haven't read it yet, the letter basically reiterates Industry's request that the Final Determination be withdrawn and the EPA resume the Midterm Evaluation process with NHTSA.

I am available for any questions or if you would just like to talk.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

**To:** Barbara E. Kiss[barbara.kiss@gm.com]; robert.babik@gm.com[robert.babik@gm.com]  
**From:** Charmley, William  
**Sent:** Tue 1/24/2017 9:34:43 PM  
**Subject:** Thank you for GM meeting on January 10 in Detroit

Dear Bob and Barbara,

I wanted to thank both of you and your colleagues at GM for hosting Chris and I and the ARB leadership in Detroit two weeks ago on January 10. It has been a busy two weeks, and I'm a little behind on my thank you notes! Chris and I appreciate both of you, Craig Glidden, Dan Turton and others taking the time to accommodate our request for a discussion. It has always been important to our relationship with GM that we can reach out to each other for an open dialogue.

One topic I did want to follow up on is the technical differences that continue to exist between the EPA staff technical assessment of the technology pathways for the 2025 standards and GM's assessment. Bob mentioned this topic during our meeting on the 10<sup>th</sup>. The EPA Ann Arbor team and GM have always been open with each other in sharing and discussing technical information, and Bob mentioned during our recent discussion that it seems like that historical ability to work through the technical issues has been compromised by the EPA timeline on the MTE in November-January. I would like to do what I can to repair that relationship.

## Ex. 4 - CBI

Ex. 4 - CBI

I mentioned this to Barbara in December, but I realize that with the timeline for the comment period for the Proposed Determination that a meeting in December wouldn't work for GM.

Please let me know if this is something that Barbara and others would like to follow-up on.

Best regards,

Bill

**To:** Chris Nevers[CNevers@autoalliance.org]  
**From:** Charmley, William  
**Sent:** Fri 1/13/2017 3:37:32 PM  
**Subject:** RE: Hearing Request

Dear Chris,

Thank you for your voice mail on this topic. I was on travel in the last few days, but I did get your voicemail.

Regarding the EPA Final Determination – Chris Grundler wanted to call Mitch directly on this, which he told me he did no Thursday afternoon, so I did not give you a call. I hope you were still able to get some heads up on this via Mitch.

Thanks

Bill

**From:** Chris Nevers [mailto:CNevers@autoalliance.org]  
**Sent:** Wednesday, January 11, 2017 11:58 AM  
**To:** McCabe, Janet <McCabc.Janet@cpa.gov>  
**Cc:** grundler.chris@epa.gov; Charmley, William <charmley.william@epa.gov>; james.tamm@dot.gov  
**Subject:** Hearing Request

Dear Acting Administrator McCabe,

Please see the attached request for a hearing on EPA's Proposed Determination Regarding MY 2022-2025 Motor Vehicle Greenhouse Gas Standards. Let me know if you or your staff have any questions.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

**To:** Grundler, Christopher[grundler.christopher@epa.gov]  
**From:** Mitch Bainwol  
**Sent:** Mon 1/23/2017 8:48:22 PM  
**Subject:** RE: coverage was incomplete, but wanted to make sure you saw this....

Sorry I missed you – I was at the other end of the office and Sheila couldn't find me. Look forward to connecting later...

**From:** Grundler, Christopher [mailto:grundler.christopher@epa.gov]  
**Sent:** Monday, January 23, 2017 3:09 PM  
**To:** Mitch Bainwol <MBainwol@autoalliance.org>  
**Subject:** Re: coverage was incomplete, but wanted to make sure you saw this....

Sure. Will try to reach you on my way to airport this afternoon

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

202/564-1682 (Washington DC)

734/214-4207 (Ann Arbor MI)

On Jan 23, 2017, at 2:11 PM, Mitch Bainwol <[MBainwol@autoalliance.org](mailto:MBainwol@autoalliance.org)> wrote:

Do U have a few minutes to chat later today or tomorrow morn?

Sent from my iPhone

On Jan 17, 2017, at 10:44 AM, Grundler, Christopher <[grundler.christopher@epa.gov](mailto:grundler.christopher@epa.gov)> wrote:

Actually, i think it is meaningful. I can explain next time we talk

I hope the Car Ball is grand

C

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

202/564-1682 (Washington DC)

734/214-4207 (Ann Arbor MI)

On Jan 17, 2017, at 9:28 AM, Mitch Bainwol <[MBainwol@autoalliance.org](mailto:MBainwol@autoalliance.org)> wrote:

That was fast! We did see her comments; in the context of her decision, it was not seen as necessarily meaningful. But we understand it's a new day...

m

**From:** Grundler, Christopher [<mailto:grundler.christopher@epa.gov>]

**Sent:** Tuesday, January 17, 2017 9:24 AM

**To:** Mitch Bainwol <[MBainwol@autoalliance.org](mailto:MBainwol@autoalliance.org)>

**Cc:** Alberto Ayala <[Alberto.Ayala@arb.ca.gov](mailto:Alberto.Ayala@arb.ca.gov)>

**Subject:** Re: coverage was incomplete, but wanted to make sure you saw this....

Mitch--Thx. We at EPA noticed this, and saw it as a measured response, hopefully as intended.

I hope you saw as well that the Administrator's letter included a passage that said, in part, that her determination did NOT preclude future regulatory action designed to increase incentives and lower costs for advanced technologies.....

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

202/564-1682 (Washington DC)

734/214-4207 (Ann Arbor MI)

On Jan 17, 2017, at 9:16 AM, Mitch Bainwol <[MBainwol@autoalliance.org](mailto:MBainwol@autoalliance.org)> wrote:

The Alliance of Automobile Manufacturers, a trade group representing the Detroit 3 and other major automakers, called the EPA decision "disappointing," saying the midterm review should have proceeded along the original timetable. "We look forward to working with the federal agencies and California to see whether we can find a prudent compromise path forward that avoids an unnecessary and counterproductive regulatory collision," the group said in a statement.

Best, m

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**To:** Mitch Bainwol <[MBainwol@autoalliance.org](mailto:MBainwol@autoalliance.org)>  
**Cc:** Alberto Ayala <[Alberto.Ayala@arb.ca.gov](mailto:Alberto.Ayala@arb.ca.gov)>  
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Best, m

**To:** Grundler, Christopher[grundler.christopher@epa.gov]  
**From:** Mitch Bainwol  
**Sent:** Tue 1/17/2017 4:11:18 PM  
**Subject:** Re: coverage was incomplete, but wanted to make sure you saw this....

All ears. Look forward to catching up later....

Sent from my iPhone

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The Alliance of Automobile Manufacturers, a trade group representing the Detroit 3 and other major automakers, called the EPA decision "disappointing," saying the midterm review should have proceeded along the original timetable. "We look forward to working with the federal agencies and California to see whether we can find a prudent compromise path forward that avoids an unnecessary and counterproductive regulatory collision," the group said in a statement.

Best, m

**To:** Grundler, Christopher[grundler.christopher@epa.gov]  
**Cc:** Alberto Ayala[Alberto.Ayala@arb.ca.gov]  
**From:** Mitch Bainwol  
**Sent:** Tue 1/17/2017 2:26:20 PM  
**Subject:** RE: coverage was incomplete, but wanted to make sure you saw this....

That was fast! We did see her comments; in the context of her decision, it was not seen as necessarily meaningful. But we understand it's a new day...

m

**From:** Grundler, Christopher [mailto:grundler.christopher@epa.gov]  
**Sent:** Tuesday, January 17, 2017 9:24 AM  
**To:** Mitch Bainwol <MBainwol@autoalliance.org>  
**Cc:** Alberto Ayala <Alberto.Ayala@arb.ca.gov>  
**Subject:** Re: coverage was incomplete, but wanted to make sure you saw this....

Mitch--Thx. We at EPA noticed this, and saw it as a measured response, hopefully as intended.

I hope you saw as well that the Administrator's letter included a passage that said, in part, that her determination did NOT preclude future regulatory action designed to increase incentives and lower costs for advanced technologies.....

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

202/564-1682 (Washington DC)

734/214-4207 (Ann Arbor MI)

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**Cc:** Alberto Ayala[Alberto.Ayala@arb.ca.gov]  
**From:** Grundler, Christopher  
**Sent:** Tue 1/17/2017 2:23:47 PM  
**Subject:** Re: coverage was incomplete, but wanted to make sure you saw this....

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Office of Transportation and Air Quality  
U.S. Environmental Protection Agency  
202/564-1682 (Washington DC)  
734/214-4207 (Ann Arbor MI)

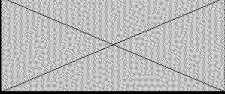
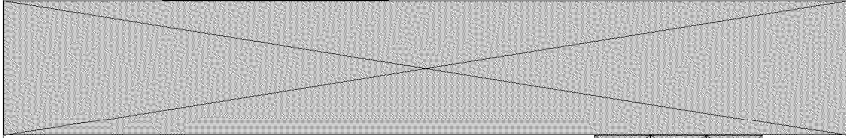








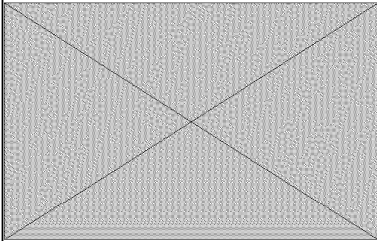
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Best, m

**To:** Moran, Robin[moran.rob@epa.gov]  
**From:** ccyrill@nada.org  
**Sent:** Wed 3/15/2017 4:22:30 PM  
**Subject:** Trump Will Offer Boost for Carmakers Today

[View Web Version](#)

<div style="background-color: black; color: white; padding: 5px; margin-bottom: 5px;"><b>SPONSORED BY</b></div> 	
	
<div style="display: flex; justify-content: space-between;"> <span>March 15, 2017</span>  </div>	
<div style="border: 1px solid black; padding: 5px;"> <p><b>Inside this issue</b></p> <ul style="list-style-type: none"> <li> <a href="#">Trump Will Offer Boost for Carmakers Today</a></li> <li> <a href="#">Trump Won't Seek to Roll Back California Vehicle Authority</a></li> <li> <a href="#">As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes</a></li> <li> <a href="#">Audi Searched by German Police in Dieselgate Swoop</a></li> <li> <a href="#">Auto Group Will Pay \$3.6 Million to Settle FTC Charges</a></li> <li> <a href="#">2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11</a></li> </ul> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><b>Top Stories</b></p> <p><b><a href="#">Trump Will Offer Boost for Carmakers Today</a></b></p> <p> President Donald J. Trump will tell autoworkers and car executives in a Wednesday speech outside Detroit that his administration is reopening an automaker-requested review of a strict fuel economy mandate, a senior White House official said. The Trump official said the administration plans to spend the next year reviewing data and will set gas mileage standards in 2018 that are technically and</p> </div>	<div style="border: 1px solid black; padding: 5px;"> <p><b>Quotable</b></p> <p><b>"The last thing you want to do is to adjust your price. You're going to absorb the cost the best way you can."</b></p> <p>-- Carlos Ghosn, head of the Renault SA/Nissan Motor Co. alliance, has encouraged the Trump administration to move fast on NAFTA changes, <i>The Wall Street Journal</i>, March 15</p> <p style="text-align: center;"><b>Sponsored by</b></p> <div style="background-color: black; color: white; padding: 5px; text-align: center; margin-top: 10px;"> <b>Automotive Forum -- April</b> </div>  <p>NADA members can view past webinars on-demand at no charge at <a href="#">NADA University Online</a>.</p> </div>

economically realistic and would allow automakers to continue growing and adding jobs.

Source: *The Detroit News*

[\[back to top\]](#)

### **Trump Won't Seek to Roll Back California Vehicle Authority**

President Donald Trump will announce the U.S. Environmental Protection Agency will revive a review of the feasibility of strict fuel efficiency standards through 2025, but will not seek to withdraw California's authority to set its own vehicle rules, a White House official said late on Tuesday.

Source: *Reuters*

[\[back to top\]](#)

### **As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes**

***If proposed taxes prompt auto makers to move more work back to the U.S., many parts suppliers plan to follow***

Auto executives say they can adapt to taxes or other curbs on imports, even as industry advocates insist such moves will dent sales and eat into profit. President Donald Trump, traveling to Detroit Wednesday to say his administration will reopen a review of fuel-economy targets, has threatened to upend the North American Free Trade Agreement. The 23-year-old pact led to tens of billions of dollars in new Mexico investments by car companies and their suppliers.

Source: *The Wall Street Journal* (Subscription required)

[\[back to top\]](#)

### **Audi Searched by German Police in Dieselgate Swoop**

German prosecutors searched Audi's two biggest plants and other sites on Wednesday in connection with the emissions scandal still rocking parent Volkswagen, adding to pressure on the luxury division and its Chief Executive Rupert Stadler. Volkswagen admitted in September 2015 that up to 11 million of its vehicles worldwide had software installed that cheats emissions tests, unleashing its biggest ever crisis.

Source: *Reuters*

[\[back to top\]](#)

### **Auto Group Will Pay \$3.6 Million to Settle FTC Charges**

A Los Angeles-based auto group with nine dealerships has agreed to pay more than \$3.6 million for return to consumers in order to settle Federal Trade Commission charges that it used deceptive and unfair sales and financing practices, deceptive advertising, and deceptive online reviews. The proposed settlement order, which will be filed in the U.S. District Court for the Central District of California for approval, will prohibit the defendants from making misrepresentations

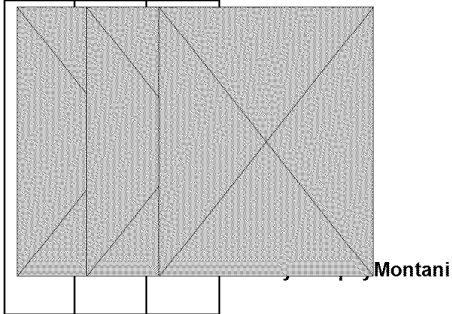
relating to their advertising, add-on products, financing, and endorsements or testimonials.

Source: FTC

[\[back to top\]](#)

### **2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11**

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Stephen Girskey, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girskey served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit [www.autoforumny.com](http://www.autoforumny.com). Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12.

Source: NADA

#### **Related article:**

- [NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' \(NADA Headlines\)](#)

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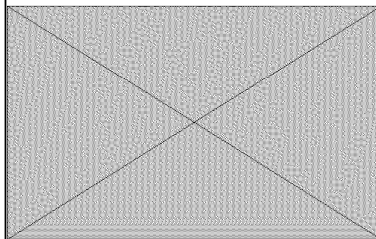
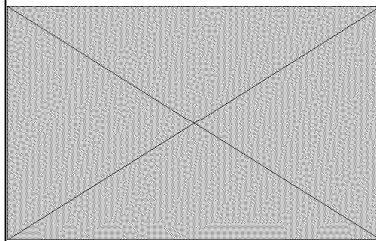
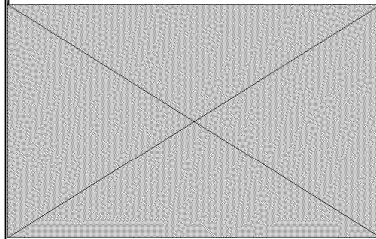
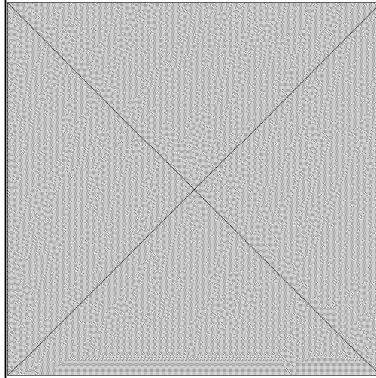
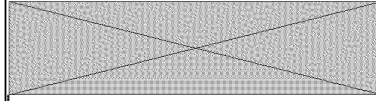
#### **Past Articles:**

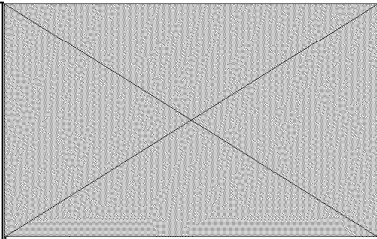
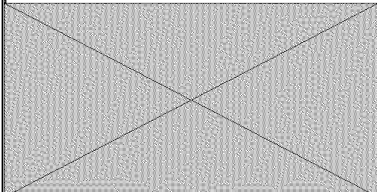
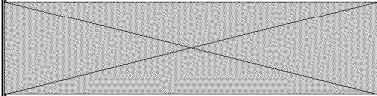
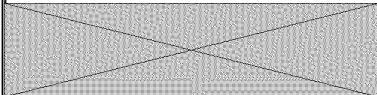
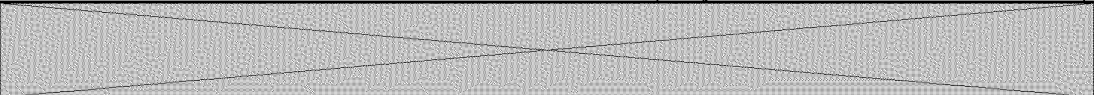
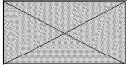
- March 14 - [NADA / J.D. Power Automotive Forum: The View from Wall Street](#)
- March 13 - [Trump Expected to Announce Vehicle Emissions Rules Review](#)
- March 10 - [Study Warns of Higher Consumer Prices, Job](#)

#### **Past Articles:**

Losses Under Current MPG Rules

- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in NYC on April 11
- March 8 - VW Rejects Marchionne's Merger Suggestion: 'We Have Other Problems'



	
	
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**To:** Olechiw, Michael[olechiw.michael@epa.gov]  
**From:** Michael Hartrick  
**Sent:** Sat 3/18/2017 7:45:54 PM  
**Subject:** Megatrends Followup  
[Megatrends EPA 2025 Charmley.pdf](#)

Mike –

I have some members who are interested in better understanding the graphics on slides 23 and 24 of Bill's presentation at the Megatrends conference. Can you share the CO2, fuel energy, road loads, ETW, and footprints underlying the graphics? What does "best powertrain efficiency" represent – best in a specific type of vehicle?

Thanks.

Michael Hartrick

Director of Fuel Economy & Climate

Alliance of Automobile Manufacturers

(248) 212-3590 (mobile)

(248) 357-4717 (office)

mhartrick@autoalliance.org

# EPA GHG UPDATE FOR

# 2017 FUEL ECONOMY DETROIT

**Bill Charmley**

National Vehicle and Fuel Emissions Laboratory  
Office of Transportation and Air Quality  
U.S. Environmental Protection Agency

**March 16, 2017**



# Overview

- ❑ **How the EPA GHG Standards Work**
- ❑ **Industry Progress To Date**
- ❑ **What Might the 2025 Time-Frame Look Like**
  - EPA assessment (thus far)
- ❑ **What Comes Next**

## Why does EPA have GHG Standards for Light-Duty Vehicles?

**U.S. Supreme Court** in 2007 on the topic of EPA and regulation of GHGs from motor vehicles:

*“But that DOT sets mileage standards in no way licenses EPA to shirk its environmental responsibilities. EPA has been charged with protecting the public “health” and “welfare”, a statutory obligation wholly independent of DOT’s mandate to promote energy efficiency.”*

**Clean Air Act directs EPA –**

*“The Administrator shall by regulation prescribe ... standards applicable to the emission of any air pollutant from any class or classes of new motor vehicles or new motor vehicle engines, which in his judgement cause, or contribute to, air pollution which may reasonably be anticipated to endanger public health or welfare.”*

# HOW THE EPA STANDARDS WORK

# So What is the 2025 EPA Standard?

## Projections for Model Year 2025 Fleet CO2 Compliance Target Fuel Prices/Fleet Mix Affect EPA's PROJECTION of 2025 Standard

	2012 Projection	Summer 2016 Projection	Fall 2016 Projection
Fuel Price (\$/gallon)	\$3.87	\$2.95	\$2.97
Car/truck mix	67/33%	52/48%	53/47%
2025 Fleet CO <sub>2</sub> Compliance Level (g/mi, 2-cycle)	163	175	173
MPG-e (2-cycle)	54.5	50.8	51.4

EPA  
DOT

Fuel Economy and Environment

Gasoline Vehicle

These are industry compliance values.  
For consumers, the 2025 average real-world value is  
~ **36 MPG**

fuel economy.gov

Smartphone App  
or QR Code

## 2025 CO<sub>2</sub> Standard is a Function of Car & Truck Production Volume and Vehicle Footprint

### Passenger Car Target (g/mi) = $(3.26 \times \text{footprint}) - 3.2$

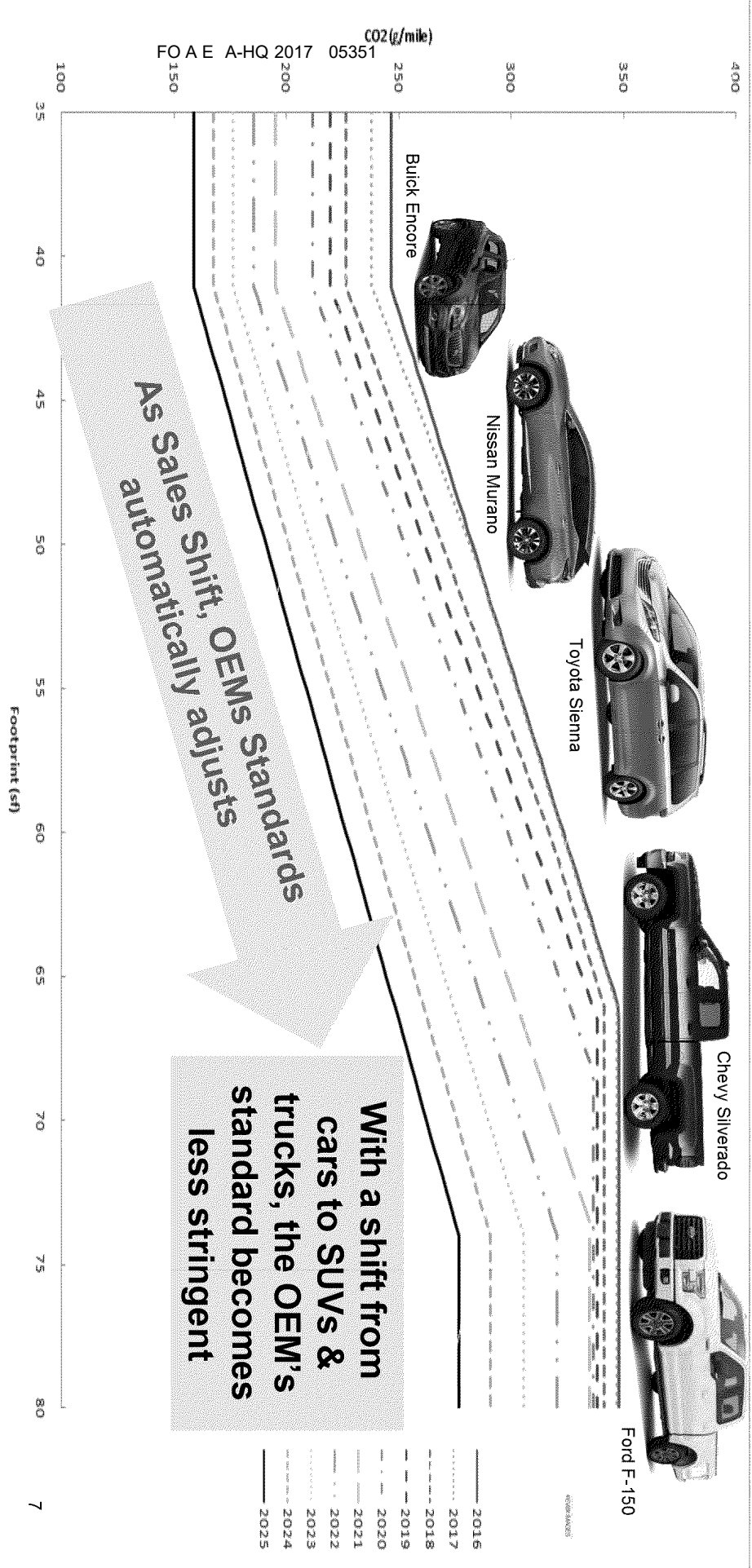
- for vehicle footprints >41 and < 56 square feet

### Light-Truck Target (g/mi) = $(3.58 \times \text{footprint}) + 12.5$

- for vehicle footprints >41 and < 74 square feet

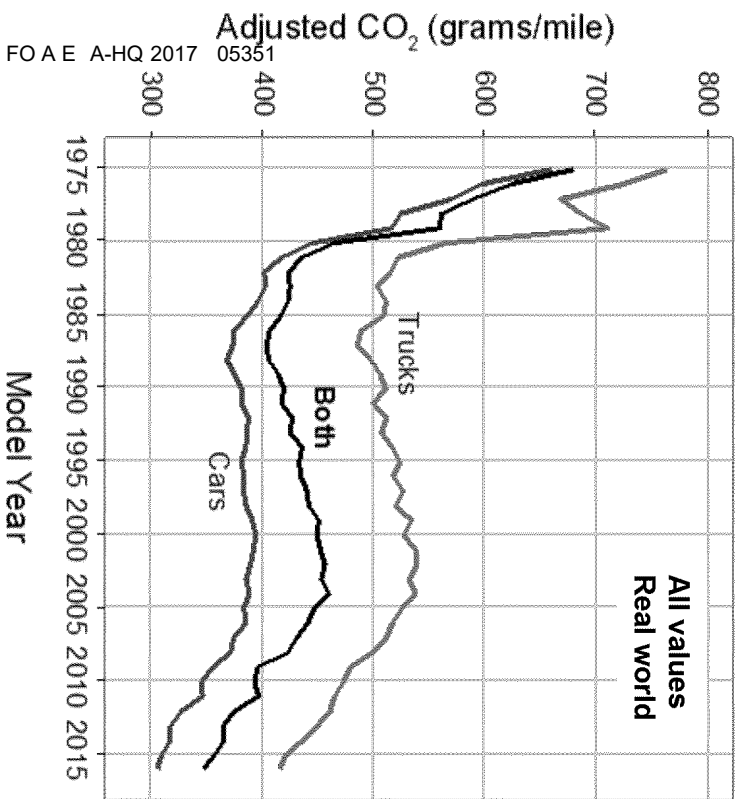
For each individual company the Car & Truck standards are a function of the **# vehicles produced** & each vehicle's **footprint**

Footprint-based CO<sub>2</sub> Target Curves for Trucks – “The Standards”  
[separate footprint curve for Cars]



# INDUSTRY PROGRESS TO DATE

# Vehicle CO<sub>2</sub> Emissions at Record Low – every major vehicle category improving



All values  
Real world

**MY2015: 358 g/mi CO<sub>2</sub> (24.8 mpg)**  
**MY 2016 Projected: 25.6 mpg**

**Truck SUVs highest % improvement since 2004, up 33%**  
**Pickups improved most in past year, up 0.8 mpg to 18.8 mpg**

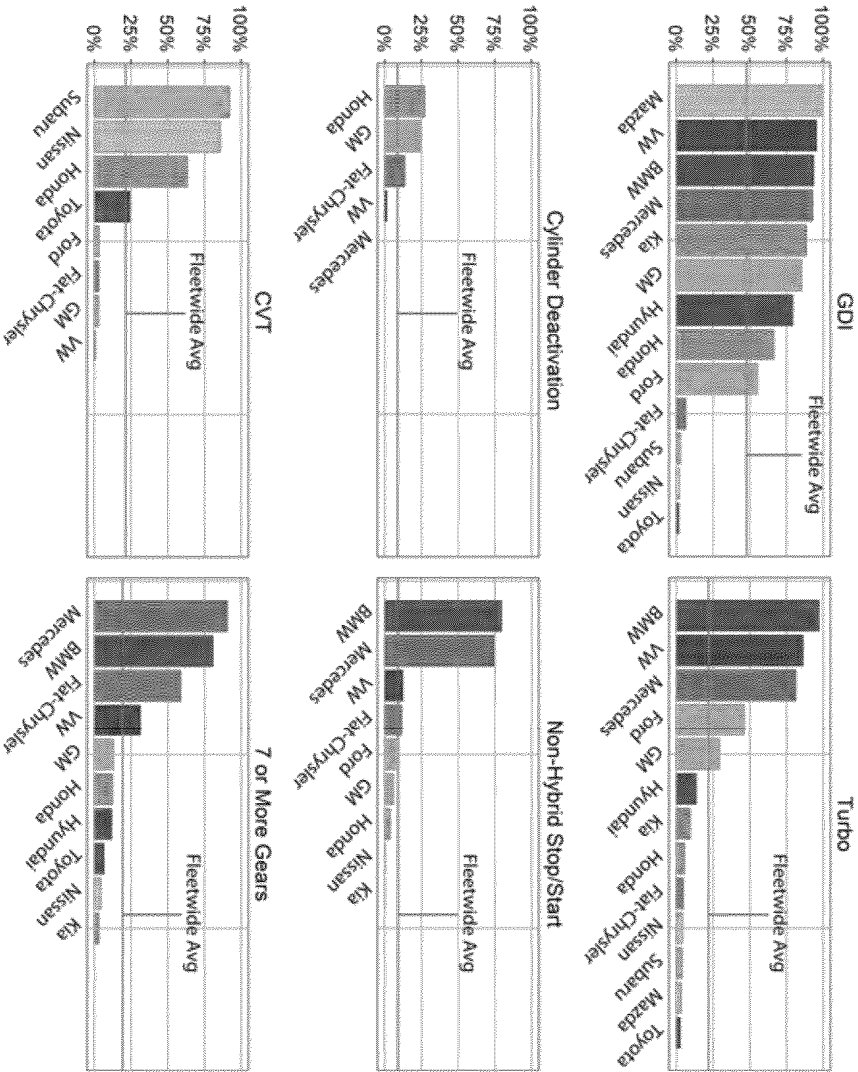
# Automakers Adopting a Wide Array of Technologies at Rapid Rates

■ **GDI** use on nearly half of all vehicles (up from 3% in MY2008), with Mazda at 100%, 6 more OEMs above 75%

■ ~20% fleet use **7+ speed transmissions**, led by Mercedes, BMW, and Fiat-Chrysler

■ >20% fleet use **CVTs**, led by Subaru, Nissan, and Honda

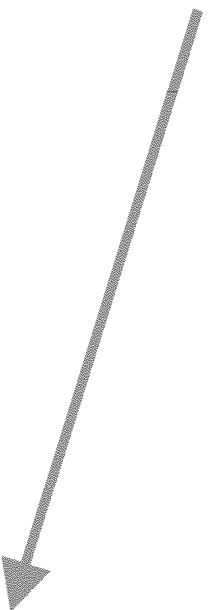
Percent of 2016 Manufacturer Projected Production



# Early Years of Program Producing Positive Results

**Industry Outperforming Standards**

**7 Years of Sales Increases Thru 2016  
First Time in 100 Years**



## What Happens to the Over Compliance?

**GHG Program is a Multi-Year Program, multiple layers of flexibility for OEMs**

- No single year determines compliance.
- Program includes emissions banking and trading
- Credits last at least 5 model years, and early credits last longer.
- Debits can be carried forward for 3 model years.

- Today, the bank is **280 Million Megagrams CO<sub>2</sub>**

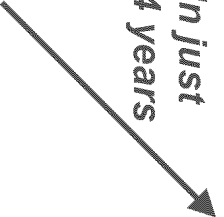
- What's a Megagram?
- 280M worth about **80 grams CO<sub>2</sub>/mile** for the entire U.S. fleet
- Would allow the MY2015 fleet to comply with EPA standards through 2019, if all firms participated fully in credit trading
- Through MY2015, 12 OEMs involved in credit trading

Advanced Gasoline Vehicles can Take the Industry Much Further ...  
many vehicles already meet future targets

## Vehicle Production that Meets or Exceeds

## MY2020 CO<sub>2</sub> Targets

*In just  
4 years*



With fleet averaging,  
in any given model  
year, only about 50%  
of vehicles would  
need to meet/exceed  
their target,  
depending on sales  
volumes.

## Case Study: 2017 Honda CRV 1.5 liter AWD

- Best-selling SUV in U.S.
- AWD versions make up 2/3 of sales
- Advanced Gasoline Technology:
  - Turbocharged GDI 1.5 liter I4 engine
  - Continuously variable transmission
  - No electrification
- Could already meet\* 2022 target
  - 5 years ahead
- Within 4 mpg of 2025 target
  - *With 8 years to go*

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*\*Illustrative example only. EPA estimated real-world fuel economy targets from CO<sub>2</sub> compliance targets, assuming A/C credits and 5 g/mi off-cycle credits*

# WHAT MIGHT 2025 LOOK LIKE – EPA TECHNICAL ASSESSMENT (THUS FAR)

## EPA's Assessments are Informed by a Wide Range of Information

### ➤ **Technical research performed by EPA**

- Benchmarking testing of **30 vehicles** across wide range of powertrains & segments (with more to come)
- Published more than **30 peer-reviewed papers and technical reports**
- Vehicle simulation modeling, cost teardown studies, mass reduction feasibility/cost studies, manufacturer “learning by doing” costs, research on consumer issues, economic inputs, others

### ➤ **Extensive reviews of the literature**

- **100's of reports/papers** from the literature published since 2012, including major studies such as the 2015 National Academy of Sciences report

### ➤ **Stakeholder outreach & collaboration**

- Hundreds of meetings with automakers, suppliers, NGOs, consumer groups, labor, states/local governments, others
- Collaboration with NHTSA, CARB, DOE, Transport & Environment Canada

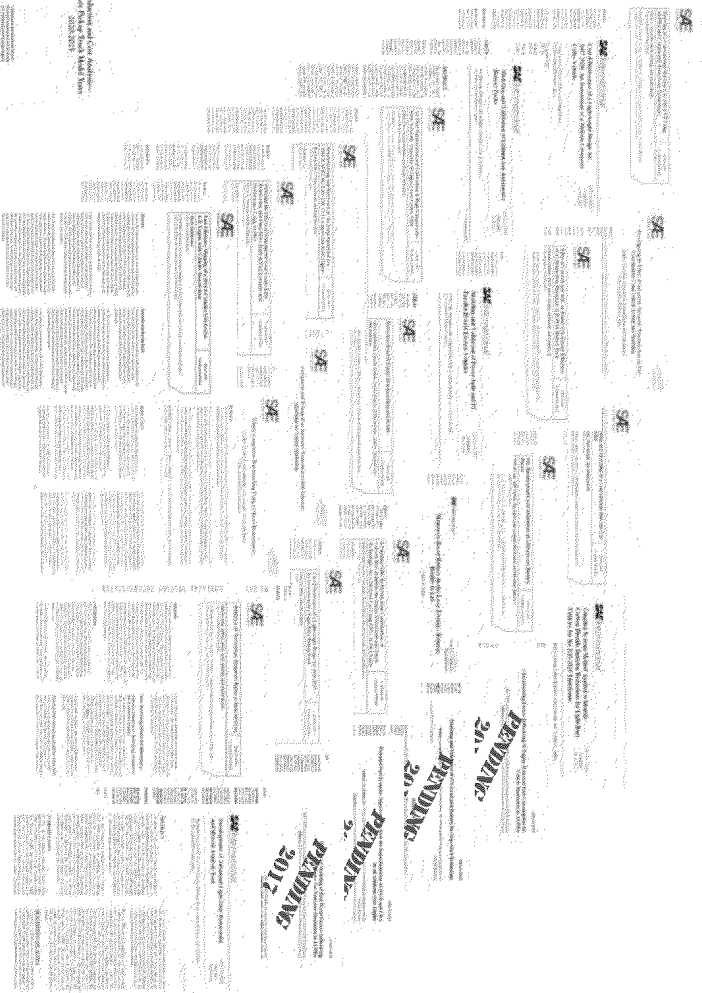
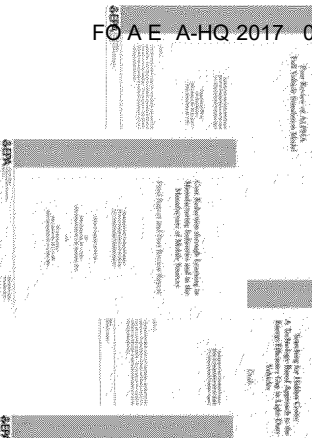
EPA technical information available to all stakeholders/public

EPA's National Vehicle and Fuel Emissions Laboratory  
Ann Arbor, MI

Wide range of peer-reviewed publications and presentations:

- Technical papers, including SAE papers and EPA reports
- Conference presentations
- Modeling workshop

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+ more ...

Tethered Engine testing

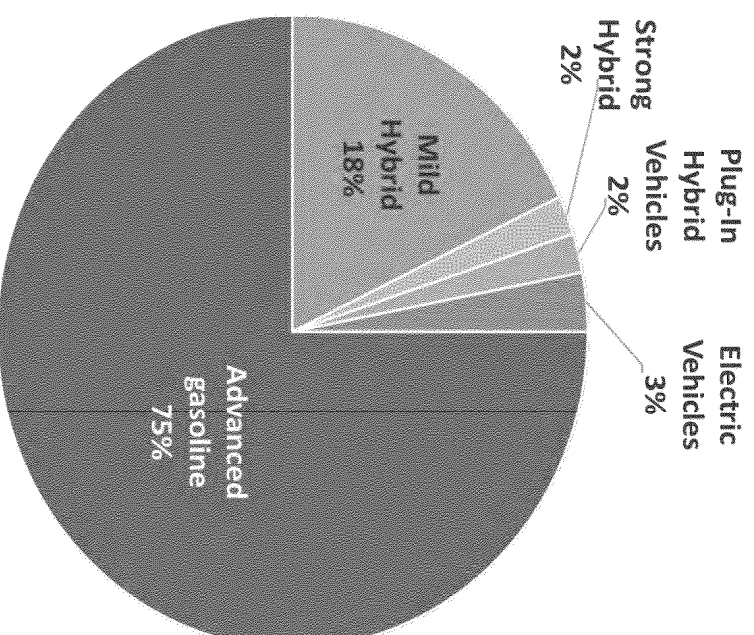
Modeling and Simulation

# EPA Most Recent Assessment – Standards can be Met Mostly with Advanced Gasoline Technologies

## Cost estimate of \$875/vehicle

- ✓ Advanced engines and transmissions
- ✓ Vehicle light -weighting
- ✓ Improved aerodynamics
- ✓ More efficient accessories
- ✓ Low rolling resistance tires
- ✓ Stop-start technology
- ✓ Mild hybrid (e.g., 48 volt systems)
- ✓ Small levels of strong HEV, EV, PHEV

## One possible pathway EPA modeled



## Fuel Savings Offsets Cost increase

- ✓ Net lifetime savings of \$1,650

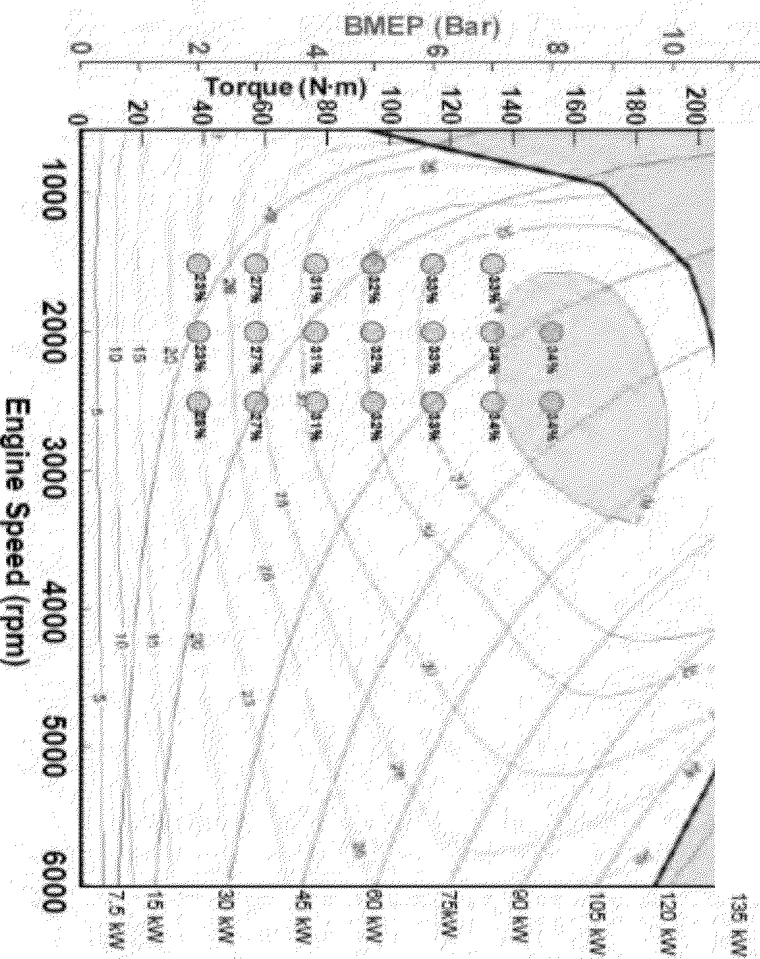
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# Progress in Engine Efficiency

## MY2008 Actual PFI Engine

- Peak thermal efficiency 34%
- Narrow efficiency region

## MY2008 PFI Engine



# Progress in Engine Efficiency

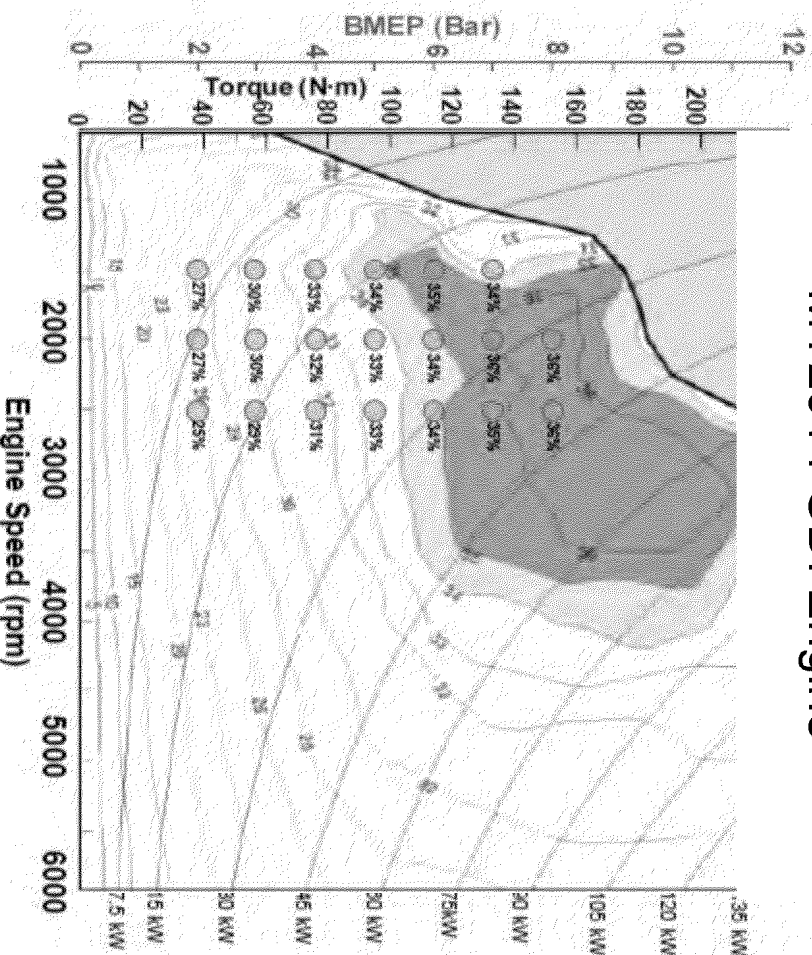
MY2008 Actual PFI Engine

- Peak thermal efficiency 34%
- Narrow efficiency region

MY2014 Actual GDI Engine

- Peak thermal efficiency **36%**
- Broader efficiency region

MY2014 GDI Engine



# Progress in Engine Efficiency

## MY2008 Actual PFI Engine

- Peak thermal efficiency 34%
- Narrow efficiency region

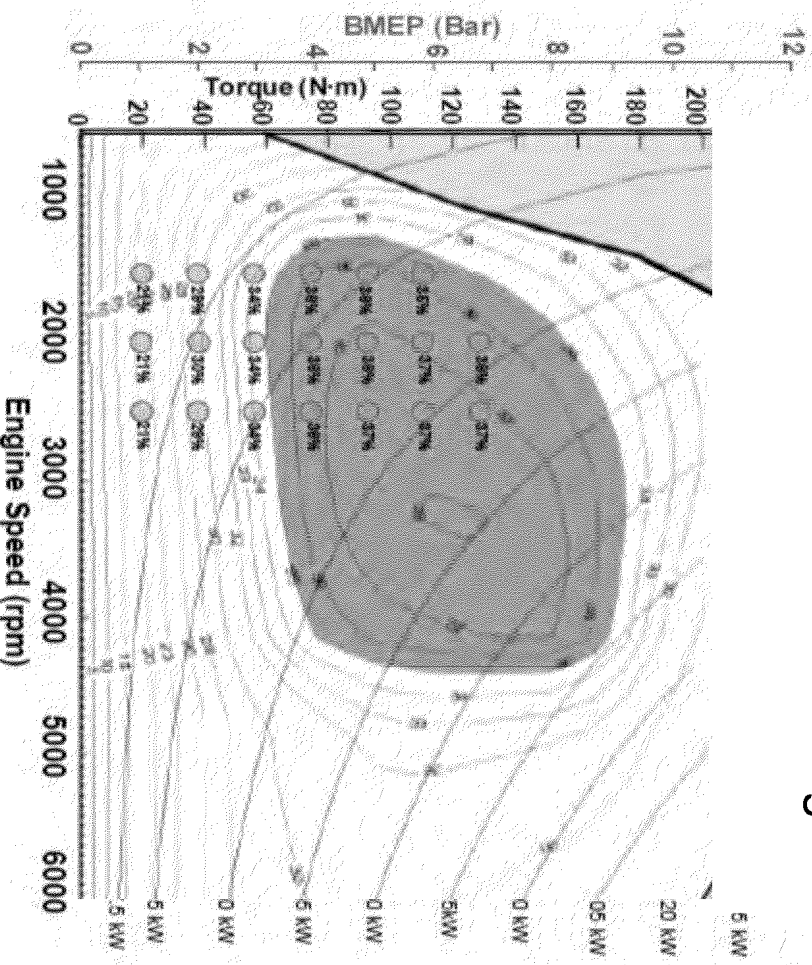
## MY2014 Actual GDI Engine

- Peak thermal efficiency 36%
- Broader efficiency region

## MY2016 Actual Turbo downsized Engine

- Peak thermal efficiency **38%**
- Very broad efficiency region
- Large overlap with 2-cycle test operation

## MY2016 Turbo downsized Engine



# Progress in Engine Efficiency

## MY2008 Actual PFI Engine

- Peak thermal efficiency 34%
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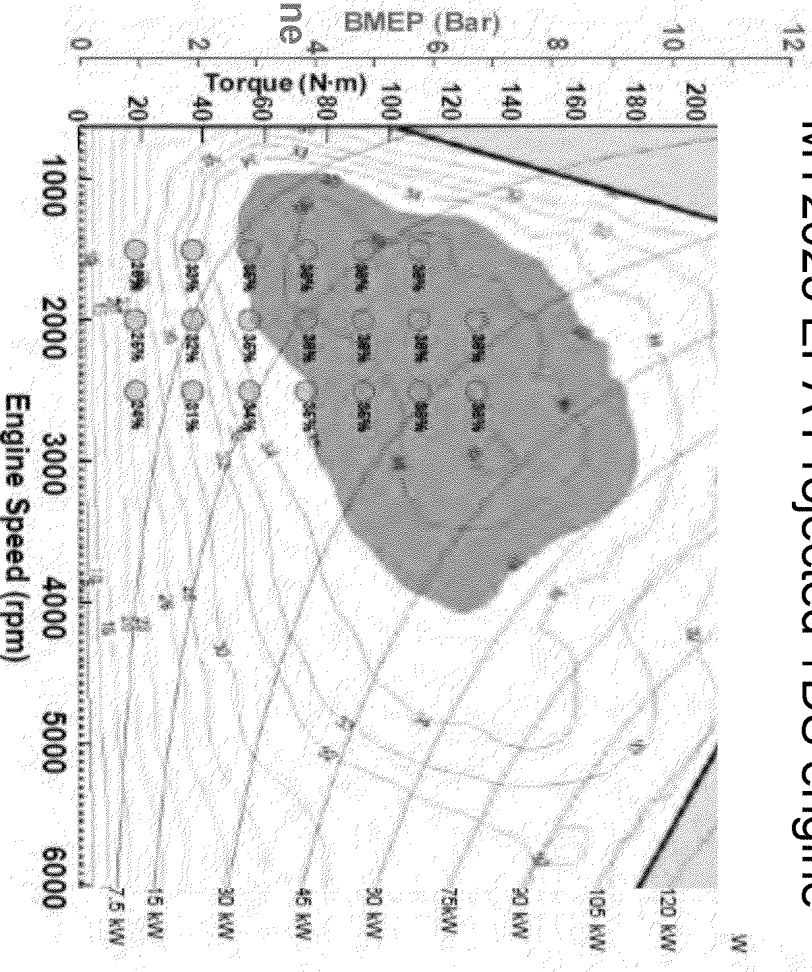
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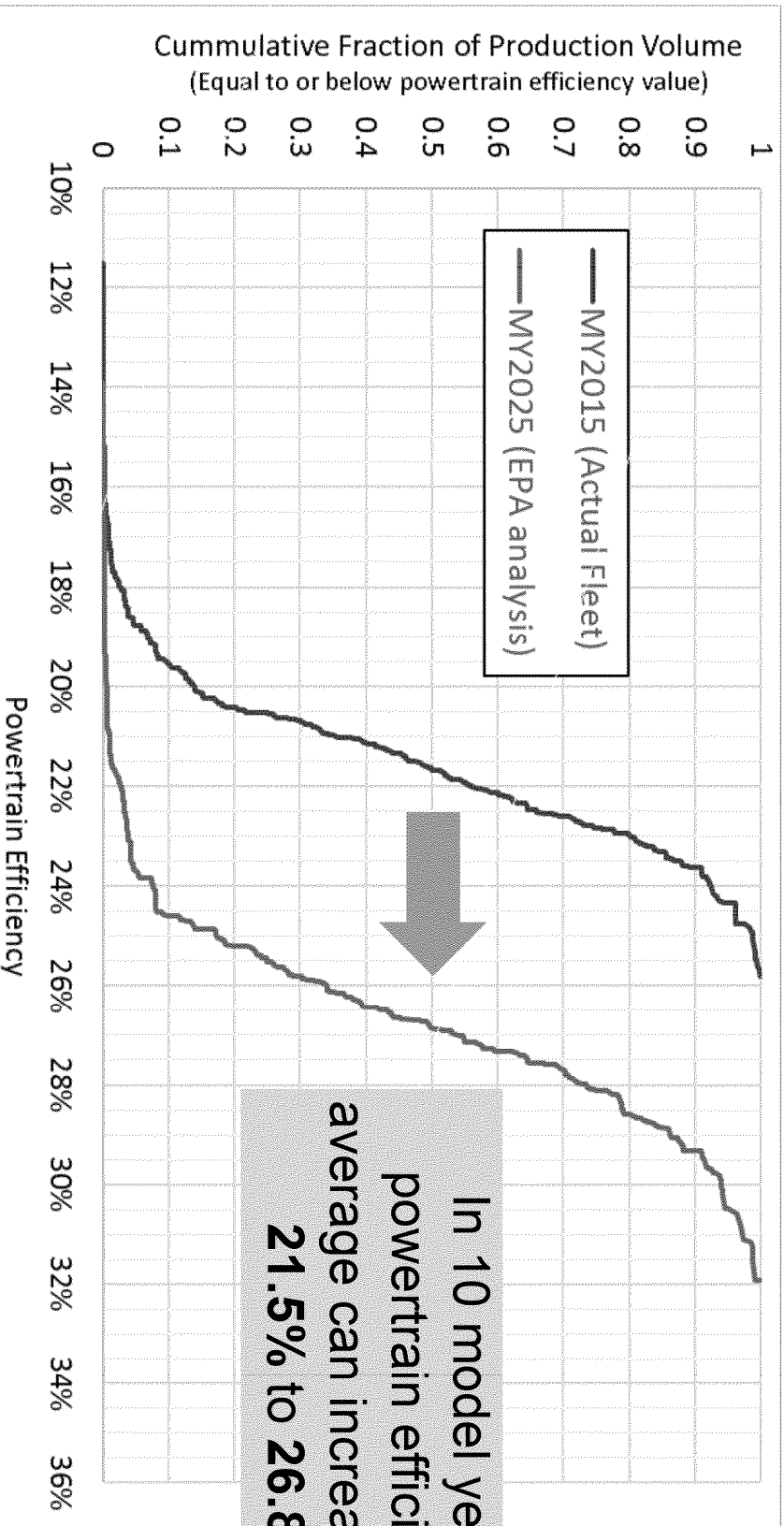
## MY2025 EPA projected turbo downsized engine

- Peak thermal efficiency **38%**
- Similar efficiency region as MY2016 actual engine
- Hardware improvements provide some improved low-load efficiency

## MY2025 EPA Projected TDS engine

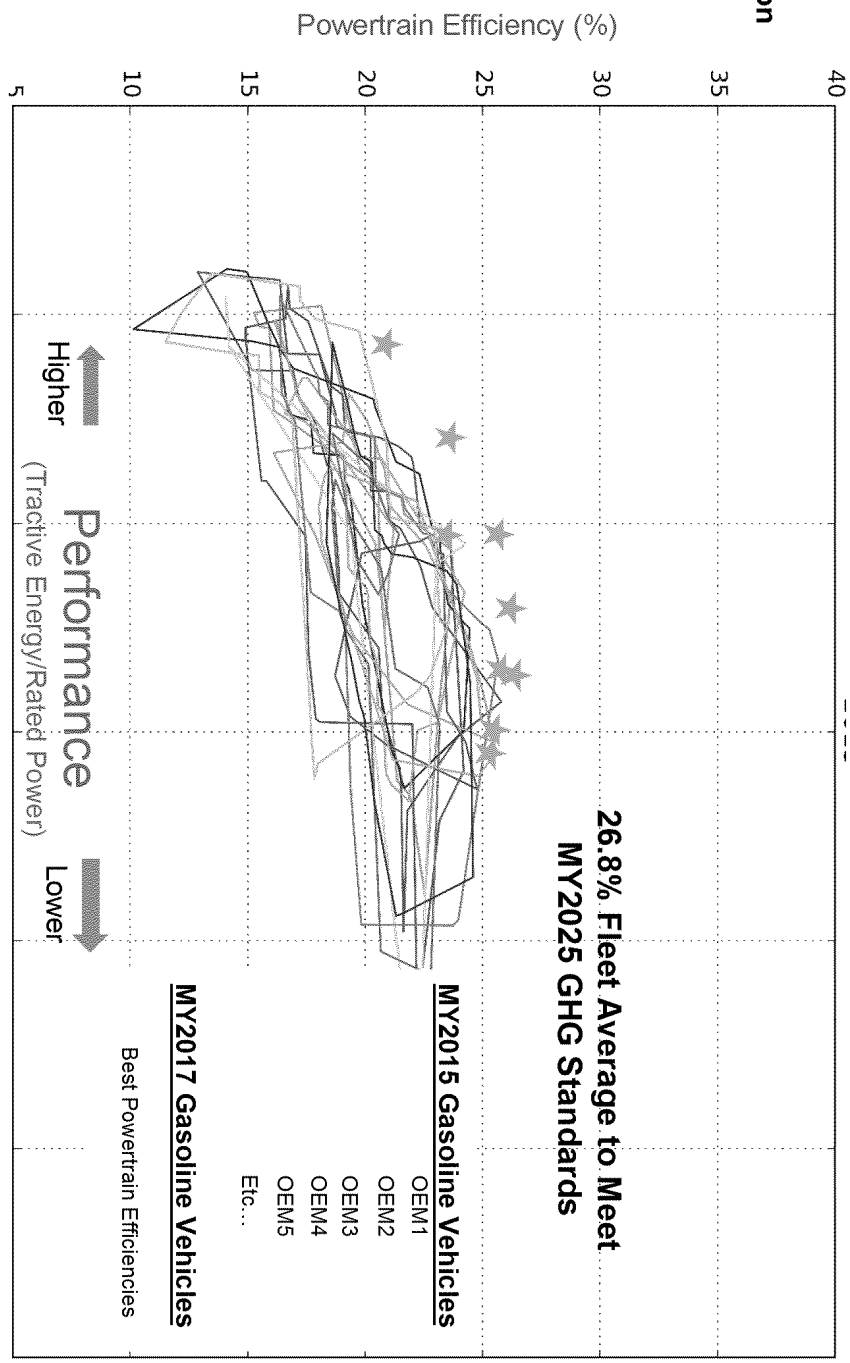


# Current vs. Future Gasoline Powertrain Efficiencies



# Powertrain Efficiency: Current Levels and Projected Improvement Needed

- MY2017 Honda Fit
- MY2017 Hyundai Tucson
- MY2017 Nissan Juke AWD
- MY2017 Honda Civic
- MY2017 Audi A4
- MY2017 BMW 440i xDrive
- MY2017 F150 (2.7L, 6spd)
- MY2017 Porsche 911 Carrera 4S



**COST, EFFECTIVENESS,  
AND DEPLOYMENT OF  
FUEL ECONOMY  
TECHNOLOGIES FOR  
LIGHT-DUTY VEHICLES**

- ✓ NAS included a detailed review of the 2012 EPA/NHTSA Assessment:

*“The committee found the analysis conducted by NHTSA and EPA in their development of the 2017-2025 standards to be thorough and of high caliber on the whole.”*

- ✓ The NAS also concluded that the 2025 standards could largely be met with advanced gasoline vehicle technology:
- “Spark ignition engines are dominant in light-duty vehicles today and are expected to remain dominant, with further reductions in fuel consumption beyond 2025.” [Finding 2.1]*

# Can GHG standards be good for the U.S. auto industry, and the overall U.S. job market?

- Sept. 2016 – Center for Auto Research issued a sales & employment assessment
- CAR's report showed potentially large negative impacts on employment and vehicle sales
  - assumes range of high vehicle costs all higher than EPA estimate (\$2,000-\$6,000)
  - assumes vehicle buy considers only first 3 years of fuel savings in buying decision
- Though EPA has concerns with the methodology used in this report, if we use the CAR approach but with EPA's cost estimates, the CAR model projects positive sales and employment with \$3/gal gasoline prices
- If we assume that consumers consider 5-years of fuel savings (instead of CAR's assumption of 3-years), the vehicle sales change grows to **+585,000** and national employment change grows to **+206,000**

EPA assessment of CAR study, using \$1,324 (2015\$) technology cost to go from 2016 to 2025 standards

Sales change	<b>+234,000 more vehicles sold</b>
Employment change in auto production	<b>+9,300 more auto jobs</b>
Employment change nationally	<b>+84,700 more total U.S. jobs</b>

FOIA b7(D) b7(C) b7(E) b7(F) b7(G) b7(H) b7(I) b7(J) b7(K) b7(L) b7(M) b7(N) b7(O) b7(P) b7(Q) b7(R) b7(S) b7(T) b7(U) b7(V) b7(W) b7(X) b7(Y) b7(Z)

# WHAT COMES NEXT?

## EPA's Reconsideration of the MTE Final Determination

**March 15, 2017** - EPA Administrator Pruitt issued a Notice announcing he will reconsider the EPA Final Determination published in January 2017:

*“... EPA has concluded that it is appropriate to reconsider its Final Determination in order to allow additional consultation and coordination with NHTSA in support of a national harmonized program.”*

*“In accord with the schedule set forth in EPA's regulations, the EPA intends to make a new Final Determination regarding the appropriateness of the MY 2022-2025 GHG standards no later than April 1, 2018.”*

# EPA Continues its In-depth Evaluation of Advanced Powertrains

EPA's National Vehicle and Fuel Emissions Laboratory  
Ann Arbor, MI

## Component benchmarking efficiency maps:

- MY2016 Mazda CX-9 2.5 liter GDI-turbo-charged w/ 6-speed AT
- MY2016 Honda Civic 1.5 liter GDI-turbo-charged 10.6:1 w/ CVT

## Vehicle level benchmarking:

- MY2016 Acura ILX w/dual-clutch transmission with torque converter
- MY2017 Ford F150 w/10 speed AT
- MY2016 Chevy Malibu w/1.5 liter GDI-turbo-charged w/ 6-speed AT

## Demonstration and Modeling:

- Demonstration of cooled EGR on a modified European Mazda 2.0 liter GDI -naturally-aspirated 14:1 CR engine
- GTPower modeling of a MY2012 PSA 1.6 liter GDI-turbo-charged engine with cooled EGR and an advanced turbo
- GTPower modeling of a MY2016 Honda Civic 1.5 liter GDI-turbo-charged 10.6:1 CR engine
- ALPHA model comparison of several CVTs
- ALPHA modeling of all vehicles included in above component and vehicle benchmarking

Tethered Engine testing

Modeling and Simulation

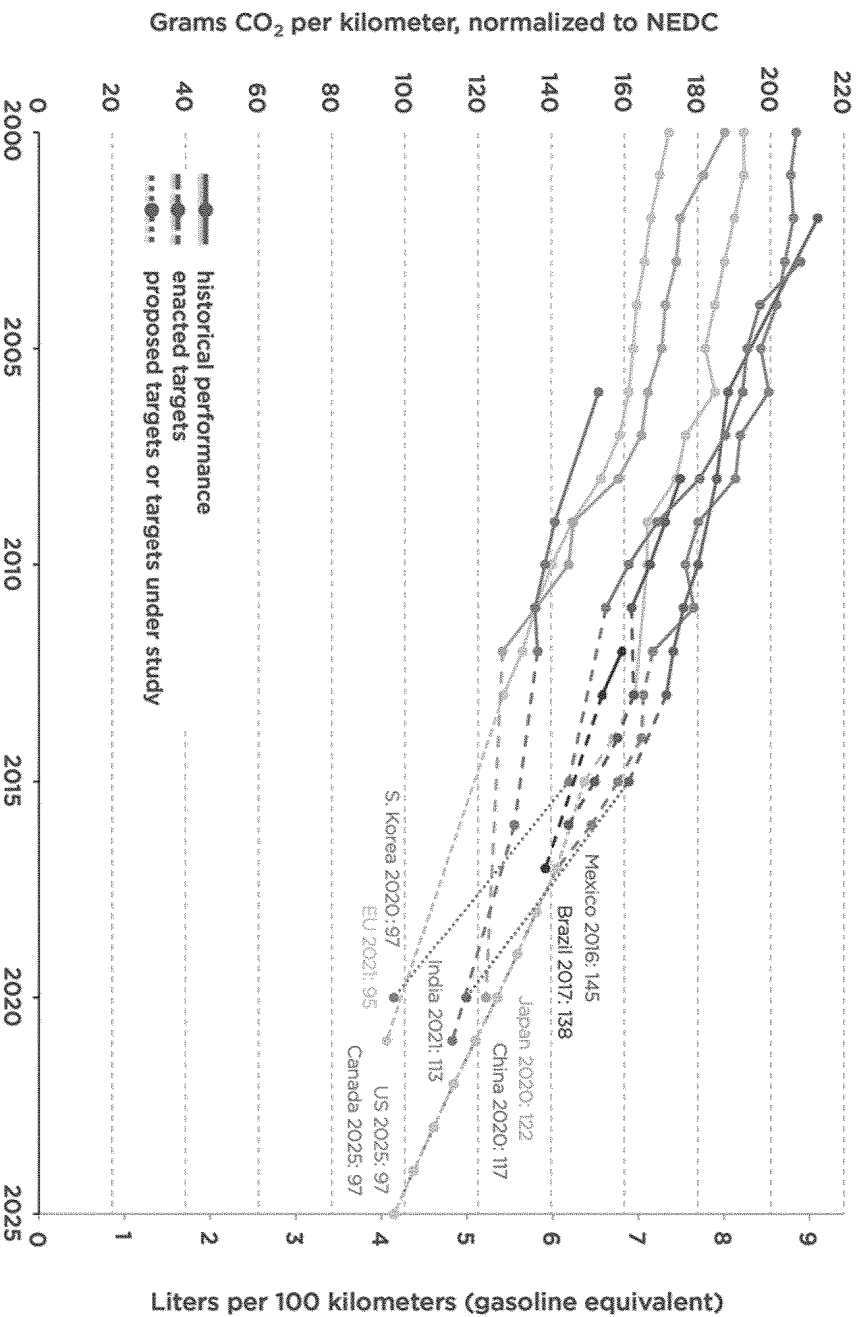
Modeling and Simulation

# Additional EPA Work Underway in Many Areas

- **Technology cost tardowns with FEV** : modern GDI turbo-downsized engine, advanced diesel engine, CVT
- Updates to OMEGA cost-effectiveness optimization model and ALPHA full vehicle simulation model
- Ongoing work to evaluate the **willingness to pay (WTP) for vehicle attributes** (e.g., power, fuel economy, size, etc).
  - Our review of 50+ papers from the last 20 years found very wide variation in these WTP values. Ongoing work evaluates what factors may contribute to this variation.
- **Ongoing evaluation of automotive reviews of MY2015 vehicle fuel efficient technologies**
  - Building upon EPA's study of MY2014 vehicles, we continue to find that positive evaluations for all technologies (70%) exceed negative evaluations of the technologies (18%)
- **Ongoing work to evaluate the vehicle miles traveled (VMT) rebound effect**
- Collaboration with Transport and Environment/Climate Change Canada on **mass reduction and aerodynamics**
- Continued evaluation of the vehicle fleet each year to assess technologies, emissions, and compliance
  - supporting EPA's forthcoming **MY2016 Manufacturer GHG Performance Report** and **2017 CO2/Fuel Economy Trends Report**

FO A E X-HQ 2017 03351

# Global Passenger Car CO2 Standards



Source: International Council for Clean Transportation.

<http://www.theicct.org/blogs/staff/improving-conversions-between-passenger-vehicle-efficiency-standards>

**To:** Barbara Kiss[barbara.kiss@gm.com]; Dan Ryan[DRyan2@mazdausa.com]; Jim Tamm[james.tamm@dot.gov]; Olechiw, Michael[olechiw.michael@epa.gov]; Cancalon, Pierre-Jean[Pierre-Jean.Cancalon@Honeywell.com]; Lindland, Rebecca A (KBB - Irvine)[Rebecca.Lindland@kbb.com]  
**Cc:** Bolon, Kevin[Bolon.Kevin@epa.gov]; Ken.Katz@dot.gov[Ken.Katz@dot.gov]  
**From:** james\_kliesch@ahm.honda.com  
**Sent:** Fri 1/20/2017 9:07:07 PM  
**Subject:** Re: Fw: SAE 2017 Government/Industry - session logistics

Jim, Mike, Barbara, Dan, Rebecca, PJ:

We're looking forward to a good session next Wednesday at SAE Gov't-Industry. Thanks again for your participation.

If you haven't already done so, please email me (or upload to mytechzone):

1. a brief bio suitable to use in your introduction
2. your presentation slide deck

We'll be around early before the session so if you make last-minute changes to your slides, we can upload them via thumb drive. As a reminder, with 6 presenters we are now targeting 12-15 min (15 min max) presentations, plus ~5 min audience Q&A per speaker.

Please let me know if you have any questions. We'll see you next week.

Kind Regards,  
Jim

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From: James Kliesch/AHM/AM/HONDA  
To: "Barbara Kiss" <barbara.kiss@gm.com>, "Dan Ryan" <DRyan2@mazdausa.com>, "Lindland, Rebecca A (KBB - Irvine)" <Rebecca.Lindland@kbb.com>, "Cancalon, Pierre-Jean" <Pierre-Jean.Cancalon@Honeywell.com>, "Jim Tamm" <james.tamm@dot.gov>, "Olechiw, Michael" <olechiw.michael@epa.gov>,  
Cc: Bolon.Kevin@epa.gov, Ken.Katz@dot.gov  
Date: 11/21/2016 12:29 PM  
Subject: Fw: SAE 2017 Government/Industry - session logistics

Barbara, Dan, Rebecca, Mike, Jim:

The SAE Gov't-Industry conference is a couple months away, and we look forward to you joining the light duty GHG session. While I know the timing is not ideal, SAE needs to nail down a number of items to maintain their production schedule for conference materials -- so if you could respond

with the following information as soon as possible (ideally before the Thanksgiving break), we'd greatly appreciate it.

1. A brief (brief!), high-level outline of your presentation. This will help us in our planning of the session, ordering of presenters, etc. Your assistance is much appreciated.
2. Your draft presentation title
3. A brief bio

Thanks in advance for your assistance.

Kind Regards,  
Jim Kliesch (Honda), Kevin Bolon (EPA), and Ken Katz (NHTSA)

p.s. PJ: Thanks for sending along your info.

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----- Forwarded by James Kliesch/AHM/AM/HONDA on 11/21/2016 12:06 PM -----

From: James Kliesch/AHM/AM/HONDA  
To: "Barbara Kiss" <barbara.kiss@gm.com>, "Dan Ryan" <DRyan2@mazdausa.com>, "Lindland, Rebecca A (KBB - Irvine)" <Rebecca.Lindland@kbb.com>, "Cancalon, Pierre-Jean" <Pierre-Jean.Cancalon@Honeywell.com>, "Jim Tamm" <james.tamm@dot.gov>, "Olechiw, Michael" <olechiw.michael@epa.gov>, "Barba, Dan" <barba.daniel@epa.gov>,  
Cc: Bolon.Kevin@epa.gov, Ken.Katz@dot.gov  
Date: 10/14/2016 10:50 AM  
Subject: SAE 2017 Government/Industry - session logistics

Speakers,

Thank you for agreeing to present at the upcoming SAE Gov't-Industry conference session, "Informing the Standards: Light Duty GHG/CAFE and the Midterm Evaluation." We've got a great lineup of presenters this year, and look forward to an engaging session. We're tentatively scheduled for Wednesday, January 25th from 10:30a-12:30p. Here is the session description, and presenter list...

Informing the Standards: Light Duty GHG/CAFE and the Midterm Evaluation  
In mid-2016, EPA, NHTSA and CARB jointly issued their Draft Technical Assessment Report (TAR), the first formal step in the "Midterm Evaluation" of upcoming fuel economy and vehicle greenhouse gas (GHG) standards. A summary of the agencies' views regarding the cost, emissions reduction, fuel-saving potential and consumer acceptance of vehicle technologies coming to market over the next decade, the TAR will help inform upcoming agency determinations of 2022-2025 fuel economy and vehicle GHG standards. This session examines the latest research and policy dialogue surrounding the Midterm Evaluation. Government and industry leaders will discuss such

topics as: opportunities and challenges facing the light duty sector, technologies anticipated to play a role through 2025, and the relationship between consumer choices and manufacturer compliance strategies.

Presenters:

Jim Tamm, Mike Olechiv/Dan Barba (TBD), NHTSA/EPA  
Barbara Kiss, GM  
Dan Ryan, Mazda  
PJ Cancalon, Honeywell  
Rebecca Lindland, KBB

Format-wise, the session will be similar to previous years: 5 presenters, each giving a 15 minute presentation with slides + 5 min of clarifying q&a from the audience. That will leave ~20 minutes at the end of the session for a "mini panel discussion" on topics driven by audience q&a. If you'd like, we're happy to set up a conference call check-in prior to the event to ask questions or walk through details. Let us know. In the meantime, please feel free to drop any of the session co-organizers (cc'd here) a line.

Today, we need to ask you for a few items (please send by Nov 15th):

1. A brief (brief!), high-level outline of your presentation. This will help us in our planning of the session, ordering of presenters, etc. Your assistance is much appreciated.
2. Your draft presentation title
3. A brief bio

In the coming weeks, SAE will be sending you a note with a few important deadlines and registration logistics. Thanks again for your participation.

Kind Regards,

Jim Kliesch (Honda), Kevin Bolon (EPA), and Ken Katz (NHTSA)

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